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## NEWS SUMMARY

### GENERAL

#### Police arrest 194 in Poznan

POLICE arrested 194 people, many of them students, during demonstrations in Poznan, the Polish news agency PAP reported yesterday. The day marked two months of military rule in Poland.

PAP said groups gathered in the centre of the city and shouted "hostile slogans," ignoring police calls to disperse. The 194 arrested were mostly high school and university students or persons who are neither employed nor studying anywhere.

PAP said 162 people were punished by misdemeanour courts.

#### Poland endorsed

Soviet Prime Minister Nikolai Tikhonov, in an interview with the Japanese paper Asahi, endorsed the imposition of martial law in Poland and said the Soviet Union was giving extraordinary economic aid.

Page 2

#### Times 'may shut'

Natsopa union official John Mitchell said the threatened Times Newspapers closure may have to go ahead in order to protect terms and conditions of other Fleet Street print workers.

Page 6

#### Plea by Pope

The Pope, speaking in Kaduna on the third day of his visit to Nigeria, appealed for close co-operation between Christians and Muslims, but a row among Moslem sects prevented his meeting local Islamic leaders.

#### Mugabe action

Zimbabwe Prime Minister Robert Mugabe will take action this week against his junior coalition partner, the Zapu party of Joshua Nkomo, for alleged treachery.

Page 2

#### Education plans

Labour has followed the Conservatives in putting forward proposals to remove control of education expenditure from local authorities.

Back Page

#### Prior vow

Northern Ireland Secretary James Prior said there would be "no stone left unturned" in investigating allegations about homosexual activities at the Kinvara boys' home. A private inquiry set up on Friday collapsed within hours when three of the panel of five resigned.

#### Rape legislation

Attorney General Sir Michael Havers said on ITV's Weekend World that the Government was willing to change legislation on cross-examining rape victims after previous sexual experiences if judges failed to use the existing law properly.

#### Weedkiller scare

Police mounted patrols in West Yorkshire to keep children away from a stream contaminated with paraquat weedkiller which escaped from drums after a blast at a depot in Morley.

#### Close run

Sri Lanka beat England by three runs in the second one-day cricket international in Colombo, following England's five-run victory on Saturday.

#### Chew on this

John Blakesley won a trip to Little Bay, New York by eating 100 yards of spaghetti in 61 seconds in a contest in London's West End. He was still far from the world record of 23.3 seconds.

### BUSINESS

#### Lloyd's to look into Laker's own funds

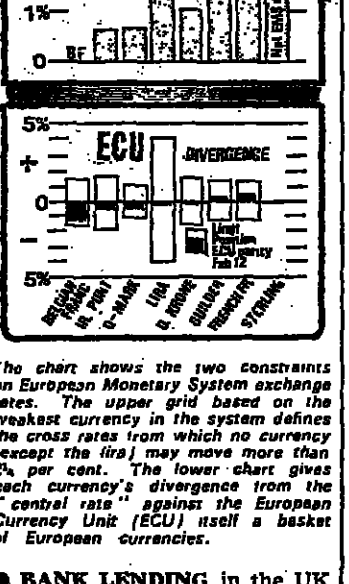
LLOYD'S, the London insurance market, indicated it would have to look into the financial standing of Sir Freddie Laker, one of its underwriters and members, who has claimed he no longer has substantial personal funds.

Back Page

#### CHINA plans to set up a joint venture in London with UK-based food company Chan Brothers to handle trade between the south-eastern Chinese province of Fujian and the EEC. Back Page

#### SWEDEN plans to raise a record \$650m (£353.3m) by public issue in the Eurobond market. Back Page

#### A FALL in French interest rates failed to prevent the French franc from finishing as the strongest member of the European Monetary System last week. Rumours of a cut in the Bank of Italy's discount rate, which has been held at 19 per cent for almost a year, did not seem to damage the lira either. The Italian currency improved on Friday, to finish almost level with the Danish krone, behind the French franc and Dutch guilder. The Belgian franc showed little change, remaining the weakest member of the system, but well within its alarm bell divergence limit.



#### BANK LENDING in the UK is thought to be growing by about £20bn a year, an annual increase of over 30 per cent. Page 5

#### LEYLAND VEHICLES' future could be decided today in talks aimed at settling a three-week strike by 12,000 workers. Page 6

#### NISSAN executives are to meet the Industry Secretary this week to discuss their plans for a car plant in Britain. Page 5

#### NEUE HEIMAT, the company owned by West German trade unions, dismissed its chairman and two board members after allegation they used the group to promote private business interests. Back Page

#### AUSTRALIAN entrepreneur Robert Holmes à Court has told ACC he intends to match Heron Corporation's \$46.8m offer for the group. Back Page

#### PROSPECTUS for the sale of all the shares in Amersham International, the state-owned manufacturer of radioactive materials, is published today. Page 20

## Prior told more jobs under threat at Belfast shipyard

BY ALAN WATSON, BELFAST CORRESPONDENT

MR JAMES PRIOR, the Northern Ireland Secretary, who has to decide this week whether the Government will help the De Lorean car company overcome a financial crisis, has been told by officials that 7,000 more jobs in Belfast are threatened by declining fortunes of Harland and Wolff shipyard.

The State-owned shipbuilding company is understood to have told the Government that it will be unable to contain its losses within figures it has already supplied to officials.

Vital new orders are looking much more difficult to find. The only order now on the horizon would apparently require an almost unprecedented level of subsidy.

This heightens the political sensitivity of a decision about preserving the remaining 1,500 De Lorean jobs in mainly Roman Catholic West Belfast.

The Government is aware that it faces criticism about the large amounts of public money used to prop up shipbuilding jobs in fiercely Protestant East Belfast. The question now is whether it agrees to keep the yard open through further huge subsidies.

or whether the money spent on propping up Harland and Wolff could be better spent on other forms of help for Northern Ireland.

Officials are now known to be worried about the shipyard's ability to survive in the short, rather than the long term. Harland and Wolff has told them that financial targets in a corporate plan submitted to the Government last year are unattainable, and that it will continue to run a very large deficit.

Exchange rates continued to erode the company's projections, and the viciousness of the recession is rapidly blotting out hopes of winning sufficient orders for its own design of 170,000-tonne bulk-carriers.

Up to 1,000 redundancies among the 7,000 labour force are expected within months. Even if the shipyard won a much-needed order from British Steel, a further application for subsidy now seems inevitable.

The Government might have to consider a substantial subsidy to enable the company to offer competitive terms to British Steel. Harland and Wolff is cautiously optimistic that its track record on other British Steel vessels will count for much.

Mr Prior is due to reveal the Government's attitude to De Lorean in the Commons tomorrow or Wednesday. He is studying a report on its prospects from Coopers Lybrand and taking advice from Sir Kenneth Cork, the City accountant.

De Lorean made 1,100 employees redundant on Friday because of cash-flow problems and the slump in U.S. markets.

The Government, if it is to find means of helping De Lorean over its very considerable crisis, is likely to spell out very stringent conditions to Mr John De Lorean, the chairman.

Ministers do not seem to have completely given up hope of a buyer for De Lorean. One company is believed to have made a very tentative approach about buying it.

But increasingly the assumption seems to be that a Receiver will have to be put in this week. The only real hope for the employees is that the company might be kept kicking over long enough to sell it as a going concern.

Swan Hunter order, Page 3

## SDP conference backs all-member ballot for leader

BY PETER RIDDELL, POLITICAL EDITOR

MR ROY JENKINS still looks likely to become leader of the Social Democratic Party later this year, in spite of overwhelming support at the party's constitutional convention for election on a one-member-one-vote basis.

The convention, held in London over the weekend and attended by 300 representatives from 78 parties, decided in favour of giving the rank-and-file and local activists a greater direct say in the control and finance of the party.

A central theme of the day and a half of generally rational discussion was the determination

come of a vigorous internal debate about the direction of the party, particularly about its relations with the Liberal Party.

Mr Jenkins is seen as favouring closer ties between the parties and stresses the advantages of a joint Alliance approach.

In contrast, Dr David Owen makes no secret of his fears of too close a merger and believes that the two parties should maintain separate identities, with the SDP as a radical rather than centrist party.

There is a general acceptance that Mr Jenkins is likely to emerge as overall leader of the Alliance. But Dr Owen has argued that this post should not be held by the leader of the SDP and he is believed to have urged Mrs Williams to stand.

Apart from the leadership question, the postal ballot will also ask members to decide whether there should be equal representation between men and women on the party's decision-making Council for Social Democracy.

This followed a tied 150 each vote on the question at the convention. The "positive discrimination" issue aroused the most passion during the discussions. The convention approved minimum representation for women on the party's national committee and on shortlists for Parliamentary candidates.

The leadership accepted, and will not put out to ballot, a clear-cut decision in favour of giving local area parties 20 per cent of subscriptions revenues, previously intended to go to head office.

This was against the leadership's advice and despite a warning from Mr Ian Wrigglesworth, from the platform, that the move would take £150,000 from the national budget and might mean fewer services and fewer headquarters staff in the run-up to the election.

The decision will not, however, affect this year's finances since the constitution will not come into operation until the end of this year. There is likely to be pressure to raise subscriptions as a result of the vote, although this will be more difficult since the convention decided that such decisions should be taken by the 400-strong Council, rather than by the small national committee.

He attempted to state the SDP's distinctive approach in the face of increasingly sharp criticisms from other parties, notably on the controversial trade union issue. The leadership decision will also crucially influence the out-

## Carrots above oil on Shell farm

By Ray Dafter, Energy Editor, in San Francisco

Down on a farm in California, Shell Oil has found a hedge against falling crude oil prices—carrots.

Shell Oil is big in carrots. Last season it produced 1bn of them—about 53,000 tons—to capture 4 per cent of the U.S. carrot market. It has also become a member of the unofficial group of carrot-exporting companies, shipping the vegetable to Scotland, among other places.

Now the company—the U.S. subsidiary of the Royal Dutch/Shell Group—is preparing for another bumper carrot crop. Shell Oil, which has built a reputation for its oil-production technology, has been busy developing its own carrot recovery equipment. Its Belridge Farms subsidiary has just spent \$200,000 on a mechanised carrot cropper, which, according to Mr Bob Herrick, head of the farming enterprise, should replace ten trucks and ten picking crews.

Mr Herrick used to be general manager of the 20,000-acre ranch. But since the farm was acquired in 1979 by Shell as part of its record-breaking \$3.65bn takeover of Belridge Oil, Mr Herrick has been given a little more in keeping with the big oil business. He is now vice-president and chief operating officer of Belridge Farms.

Although little known by those in the oil industry, Belridge Farms is a sizeable operation. The turnover of the farming and associated packing business is running at over \$35m a year. Even so, it was hardly noticed in the Belridge acquisition. As a senior Shell executive said, the value of the farm hardly registered in the takeover sensitivity analyses.

Shell Oil has not gone into the farming business as a deliberate diversification move. The ranch is being retained because it may lie above one or more oil fields. In geological parlance, the land contains some interesting "structures." Mr Herrick and his 350 employees hope that, if oil is found, they will be allowed to farm around the wells.

That may be wishful thinking. In the neighbouring Belridge oil field—the reason for the takeover—producing wells resemble a crowded pasture of nodding donkeys. Shell Oil is about to relocate a school of 80 students, which

Continued on Back Page

## U.S. Ford pay freeze agreed by union leaders

BY IAN HARGREAVES IN NEW YORK

FORD MOTOR of the U.S. yesterday agreed terms with leaders of the United Auto-workers Union for a contract which will freeze pay for the rest of this year and cut workers' fringe benefits.

In return, Ford's American workers will share directly in the company's profits and enjoy a series of job protection measures, possibly unique in U.S. industry and comparable in some respects to those of some Japanese companies.

The agreement, which came after two weeks of negotiations, was immediately hailed by both sides as historic.

"We have started down a road which will mean workers being treated in a humane and civilised manner during recessions," said Mr Douglas Fraser, president of the union. Mr Philip Caldwell, Ford chairman, who heard the news of the agreement in Hong Kong, said that the contract would be "the catalyst for restoring the company's competitiveness."

The main feature of the economic side of the deal is that Ford workers will give up their next three quarterly cost-of-living indexed payments under the existing pay contract due to expire in September.

For the remainder of the new contract, which runs to September 1984, there will be no lump sum annual increases, as there have been in previous contracts at the rate of 3 per cent a year.

In addition, Ford workers will give up 26 days of holiday or holiday pay over the life of the contract.

It is difficult to assess how valuable these savings will be to Ford, although a figure of about \$1bn (£550m) for the 31 months of the contract has been unofficially estimated. The most far-reaching aspects of the agreement in terms of the broader U.S. labour scene are the concessions the union has won from Ford on the company's use of outside suppliers and job protection.

These agreements, if ratified, will be remarkable in an industry accustomed to laying men off at a moment's notice whenever demand falls.

The main concessions:

- For the next two years Ford will not close any plant in order to obtain parts elsewhere. In future management will give six months notice of any planned closure and will review proposals recently announced for the intended shutdown of an aluminium forging plant in Alabama.
- Ford will try to maintain its overall U.S. employment, now 105,000, and will set up a Japanese-style experiment at two plants where 80 per cent of the workforce will be guaranteed jobs for life.
- From January 1983, Ford workers will share any Ford profits in the U.S. excluding those from some non-motor operations. The formula would start to deliver profit bonuses to workers when Ford is returning above 2.3 per cent on sales. Although Ford has made no profits for the last two years, the union says that between 1971 and 1978 this scheme would have given each worker an average payment of between \$226 and \$505 each year.
- Workers with 15 years' service will be guaranteed a certain level of earnings, even if they are laid off, by modifications to the company's employment benefits scheme. It

Continued on Back Page

## OFT to probe building society

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE Office of Fair Trading is poised to launch a probe into one of the leading building societies following increasing consumer complaints.

The investigation, under the 1980 Competition Act, enables the OFT to investigate any anti-competitive practice being carried out by a single company.

The OFT is particularly concerned at the lack of freedom in the borrower's choice of insurer, restrictions on the use of insurance brokers, and claims by building societies to the commission payable on insurance policies.

A short-list of the building societies about which there have been most complaints has been drawn up by the OFT, and a decision on which society to investigate will be taken shortly. The probe will be seen as a test case for the other societies.

The OFT has, for several months, been concerned about the rising number of complaints received—often through MPs—about building societies' practices in several areas. Apart from insurance matters, they include the mortgage redemption and the accessibility of surveys.

In October Mr Gordon Borrie, the director general of fair trading, warned building societies that if justified complaints continued to be made, then he would take action.

The probe, when announced, is likely to take between six and nine months. The OFT will hope that this investigation will be sufficient to persuade the societies to change their operations. If this fails, then the matter is likely to be referred to the Monopolies and Mergers Commission for a further six-month study to determine the public interest issues involved.

The building societies have also been criticised recently by consumer groups such as the National Consumer Council. In a report, published last year, the NCC said: "The societies are not as full and frank as, in our view, they should be in the information they disclose to their consumers, whether they be investors or borrowers."

## U.S. company in silicon chip advance

BY ALAN CANE

A U.S. electronics company seems to have taken a significant lead over its American competitors and the Japanese by cramming more devices onto a single silicon chip than has been achieved before.

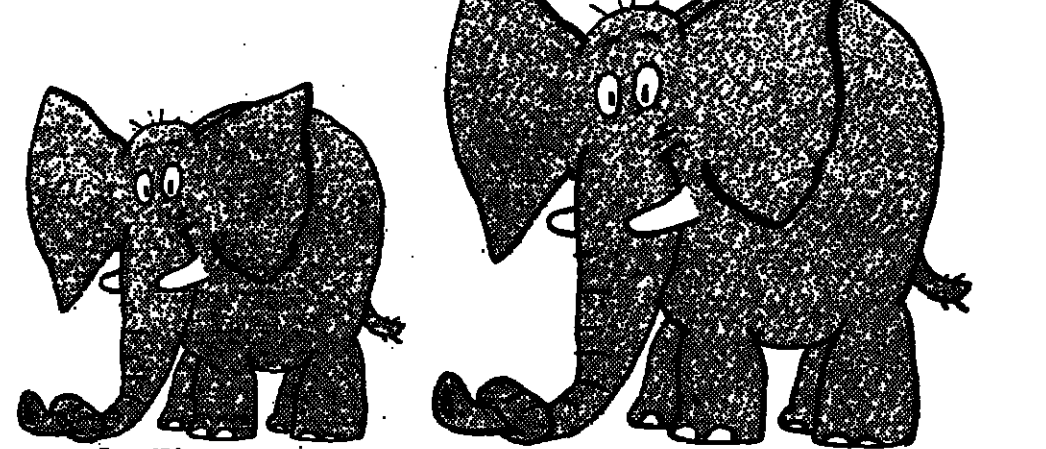
Hewlett-Packard, whose products range from test equipment to computers and whose best-known products are hand-held calculators, claims to have fabricated 660,000 devices on a single quarter inch square of silicon material—equivalent to one and a half times the number of parts in a jumbo jet.

The only other company to produce a similar set of microchips for a computer is the U.S. company Intel and these have not yet been used in a commercial product.

Microcomputer chips are made by photographing the complex circuitry required onto chips of silicon. Conventional production methods use ordinary light and make it possible to fit transistors on the chip only 120 millionths of an inch apart. It was thought that electron beams would be needed to get down to 40 millionths of an inch (one micron), but now Hewlett-Packard seems to have achieved this with ordinary light.

The company's feat, announced at an international solid-state conference in San Francisco at the weekend is significant for two reasons. First, the U.S. seems to have wrested back its lead in semiconductor technology from the Japanese. Second, with just six of its new chips, Hewlett-Packard will be able to build a computer as powerful as an orthodox small mainframe—the workhorse for most commercial companies. Computer hardware costs look like nose-diving again.

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OVERSEAS NEWS

Mugabe attack on Nkomo puts coalition in peril

BY OUR SALISBURY CORRESPONDENT

THE FUTURE of the Mugabe-Nkomo coalition Government in Zimbabwe hangs in the balance this week, following Mr Robert Mugabe's bitterly outspoken weekend attack on his coalition partner.

The Prime Minister, speaking at an 18,000-strong party rally at Marandellas, near Salisbury, vented his anger at the discovery last week of arms caches in different parts of Matabeleland, on property owned by Mr Joshua Nkomo's Patriotic Front party.

In what is seen as his strongest attack since independence on any political figure, including the former Prime Minister, Mr Ian Smith, the Prime Minister likened Mr Nkomo's role in the Cabinet to having "a cobra in the house."

The Patriotic Front has five Ministers in the 26-member Cabinet, and 20 seats in parliament, compared to the ruling Zanu-PP's 57.

Mr Mugabe said that his party would this week decide what action was to be taken. "Some of you think that nothing is going to be done. But I can assure you something will be done."

In a particularly virulent attack on Mr Nkomo, he went on: "The only way to deal effectively with a snake is to strike and destroy its head."

Reopening old wounds, the Prime Minister accused the Patriotic Front leader of "trying to sell the country to our oppressors" at secret talks in the 1970s with Mr Smith, and also at the Geneva and Lancaster House conferences.

There was no immediate response from Mr Nkomo. But last week, he denied any knowledge of the arms caches, and said



Mr Joshua Nkomo: no immediate response

that his party "planned no rebel action whatsoever."

Mr Mugabe said that while his party had been trying to reunite the country, "our colleagues in government were stockpiling and holding enough weapons to arm 20,000 men."

The coalition has been under strain in the past, notably after last February's fighting in Bulawayo and the Midlands between former guerrillas of the two parties. But Mr Mugabe has tended to stay above the disputes.

Arrests in Portugal as 'terrorist plot' fails

By Diana Smith in Lisbon

THE Portuguese authorities made a number of arrests over the weekend after the Balsemas Government announced that it had foiled a terrorist attempt to subvert democratic institutions.

This followed the failure of a general strike on Friday, called by the Communist-led trade union confederation, and arrests in Lisbon the same night of three men in a car loaded with arms, explosives and pamphlets calling for insurrection.

A hard-hitting television speech on Saturday night by the Interior Minister, Sr Angelo Correia, implied that the Government linked the series of incidents to a Communist-inspired plan to overthrow the regime under cover of the strike.

The Communist Party is closely tied to Moscow and last Friday the Soviet Ambassador was summoned to the Foreign Ministry and warned that he must apologise publicly for his embassy's labelling of the Socialist leader, Sr Mario Soares as "mentally unbalanced, and in need of prolonged treatment," or face the consequences.

Sr Correia disclosed that throughout Friday numerous bomb threats were made against Parliament, aircraft of the national airline, the Lisbon bridge and many individuals.

The Minister said that after the arrests on Friday roadblocks were set up and national Republican Guard officers were injured severely when a number of cars crashed through the blocks. In several instances police were fired on.

The Communist-led trade union, CGTP, has denied any connection between the strike and the incidents.

Nato 'weak in conventional arms'

BY BRIDGET BLOOM

NATO countries face the possibility that an outbreak of war in Europe would lead rapidly to the use of nuclear weapons, unless they spend more on conventional weapons, General Bernard Rogers, Supreme Allied Commander in Europe, said in Munich.

Gen Rogers was speaking at an annual defence studies conference attended by senior U.S. and European policymakers including Mr Caspar Weinberger, U.S. Secretary of Defence and Herr Hans Apel, West German Defence Minister.

In one of his toughest statements for a long time, the senior North Atlantic Treaty Organisation commander said

that Nato governments could close the growing gap between the alliance and the Warsaw Pact's conventional forces if they increased defence spending by 4 per cent in real terms over each of the next five years. Such a course had been recommended by Nato commanders and would be laid before Nato Ministers in the form of detailed proposals in May.

Conventional forces had been so neglected over the past decade that "what I have today is a pocket full of promissory notes," Gen Rogers said.

Current strength was such that the commander in Europe would have two alternatives on the outbreak of war—escalation or capitulation.

Gen Rogers said he believed it was unlikely that if there was escalation to the nuclear level it could be long confined to the battlefields or even medium-range systems.

Nato needed enough conventional forces to meet not just the first but also the second echelon of Soviet divisions on the central front, Gen Rogers said.

This would induce the Soviet Union to withdraw rather than escalate the war.

Disagreement between the U.S. and Europe over responses to Poland to East-West trade and to detente flared in public several times during the conference. Mr Weinberger referred to the "profligate

transfer of technology which had allowed the Soviet Union to catch up militarily. He underlined the U.S. Administration's hostility to the gas pipeline deal between Europe and the Soviet Union and he chided West Europeans for an often inadequate defence effort.

The U.S. Defence Secretary said the Administration would urge Congress to repeal recently passed buy-American legislation which could prevent sales of European defence equipment to the U.S. Congress passed five amendments to the appropriation Bill at the end of last year. One could jeopardise potential sales of the British Hawk trainer aircraft worth several hundred million pounds.

Soviet Premier reinforces backing for Jaruzelski

BY DAVID SATTER IN MOSCOW AND DAVID BUCHAN IN LONDON

MR NIKOLAI TIKHONOV, the Soviet Prime Minister, yesterday gave the most emphatic Soviet endorsement to date of the imposition of martial law in Poland and said the Soviet Union was giving Poland "considerable" economic aid.

In an interview with the Japanese newspaper, Asahi, the Soviet Premier claimed martial law had saved Poland from "anarchy, disintegration and civil war." He attacked the U.S. for "startling hypocrisy" in trying to use Poland's internal crisis to impose its economic and political will on its allies.

Unlike the U.S., the Soviet Union was "vitaly interested" in the restoration of "normal life" for the Polish people, Mr Tikhonov asserted. The Kremlin is believed to be anxious that the Polish Communist Party, currently in disarray and taking a back seat to the army, should soon regain its "normal" leading role.

Mr Tikhonov said the Soviet Union was continuing to fulfil its economic obligations to the

Police arrested 194 people, many of them students, during demonstrations in Poznan yesterday, the Polish news agency PAP said. Reuter reports from Warsaw. Some 162 of those arrested had been punished by misdemeanour courts, the agency added.

Poles "despite the fact that Poland is so far unable to balance its trade." He put no figure on the "huge assistance" Moscow has been providing. But Western analysts believe it may amount to nearly \$2bn in hard currency last year, while the Soviet Union may have been subsidising Poland's trade.

AP reports from Bucharest: The Romanian Government yesterday announced sharp increases for a series of basic foodstuffs. The price of rice was raised by 87 per cent, meat by about 64 per cent and sugar by 55 per cent.

Community Ministers to meet on EMS today

BY JOHN WYLES IN BRUSSELS

EEC FINANCE Ministers meet here today to discuss modest proposals for developing the European Monetary System (EMS), which indicate that the Ten are still a long way from agreeing on a plan for dealing with U.S. interest rates and dollar instability.

Discussions at official level and between central bank governors have been so inconclusive that the European Commission has drawn back from preparing any written proposals on interest rates and the dollar.

M Francois-Xavier Ortoli, the Commission's vice-president and M Jacques Delors, French Finance Minister, have been arguing in favour of creating a so-called "zone of probability" between EEC currencies and the dollar.

This scheme, supported by some of the smaller member-states, would maintain the exchange rate between the U.S. dollar and the European Currency Unit (EU), the EEC's composite currency, within a

certain bend. It is recognised that a prerequisite for a successful dollar policy is U.S. co-operation. This is unlikely because Washington would have to abandon its policy of not intervening in currency markets to support the dollar. West Germany and the UK doubt the possibilities of any unilateral action by the Europeans to insulate themselves from the effects of U.S. economic policies.

While Ministers may call for more work on the "zone of probability" idea, they will certainly agree on the urgent need for sustained and concerted pressure to warn the American authorities that their current fiscal and monetary policies are threatening to undermine economic recovery in the EEC.

With the aim of preparing recommendations for next month's EEC summit, Ministers may also call for precise recommendations on increasing the use of the European Currency Unit. Editorial Comment, Page 18

U.S. doubts grow over Salvador policy

By Reginald Dale, U.S. Editor, in Washington

THE DEBATE over U.S. involvement in El Salvador intensified at the weekend as a U.S. Colonel was ordered home for violating army regulations and a Democratic Senator visiting the country criticised the Government's human rights policies.

Mr Deane Hinton, U.S. ambassador in San Salvador, announced that Lt-Col Barry Melander, one of the 50 or so U.S. military advisers in the country, would be sent home within a week following an incident in which he and four other U.S. personnel were filmed carrying unauthorised combat weapons in an area subject to attack by left-wing guerrillas.

The incident, shown on television in the U.S., stirred anxiety among many Americans who fear that El Salvador may be turning into a second Vietnam and gave a boost to opponents of the Administration's policies in Central America.

Mr Alexander Haig, the U.S. Secretary of State, has returned from a trip to Europe and North Africa to find himself in the middle of a new controversy over whether he or Mr Caspar Weinberger, the Defence Secretary, is running foreign policy. Israel has taken Mr Weinberger to task for seemingly pro-Arab and anti-Israeli remarks he made on a trip to the Middle East last week.

Mr Haig said Mr Weinberger had been misreported and had, in fact, stuck pretty closely to a line that the two men had co-ordinated beforehand. There had not been, and he did not contemplate, any change in the U.S. policy of support for Israel.

U.S. urged to curb Israel aid

BY RICHARD JOHNS, MIDDLE EAST EDITOR, IN TUNIS

ARAB Foreign Ministers have appealed to the U.S. to cease giving military and financial assistance to Israel. They decided on this action at talks in Tunis called by Syria to discuss and agree upon a collective response to Israel's annexation of the Golan Heights.

The Ministers also established a commission to evaluate links between Arab states and countries "supporting the Zionist entity." The intention is that Arab relations will be adjusted according to the position taken by states on the question of "Arab rights."

That was as far as the meeting, which ended on Saturday, went in threatening reprisals against the U.S. for its vote last month of a draft resolution in the Security

Council calling for voluntary sanctions against Israel and other steps which would restrict Israel's economic and political activities. The draft resolution was defeated by a vote of 14 to 10.

The outcome of the Tunis talks was a victory for the moderate camp led by Saudi Arabia which argued for a measured, graduated approach designed to win the U.S. over to the Arab point of view by persuasion of its best interests rather than by pressure.

In the event Syria did not struggle hard for its demand for far-reaching economic and financial sanctions against the U.S. including a boycott of merchandise imports from it, a prohibition against the grant of contracts to its companies, and the withdrawal of funds from U.S. banks.

No precise guidelines have been set for assessing what might qualify offending states for Arab reprisals or what retaliation might be.

Represented on the ministerial commission are Algeria, Iraq, Jordan, Kuwait, the Palestine Liberation Organisation, Saudi Arabia and Syria. It is to report to the Arab Summit Conference, suspended in Fez last November, whenever it is resumed.

Reuter reports from Tel Aviv: Druse inhabitants of the Golan Heights began an indefinite strike yesterday over the detention of four of their leaders accused of incitement against Israel. All shops and businesses were closed.

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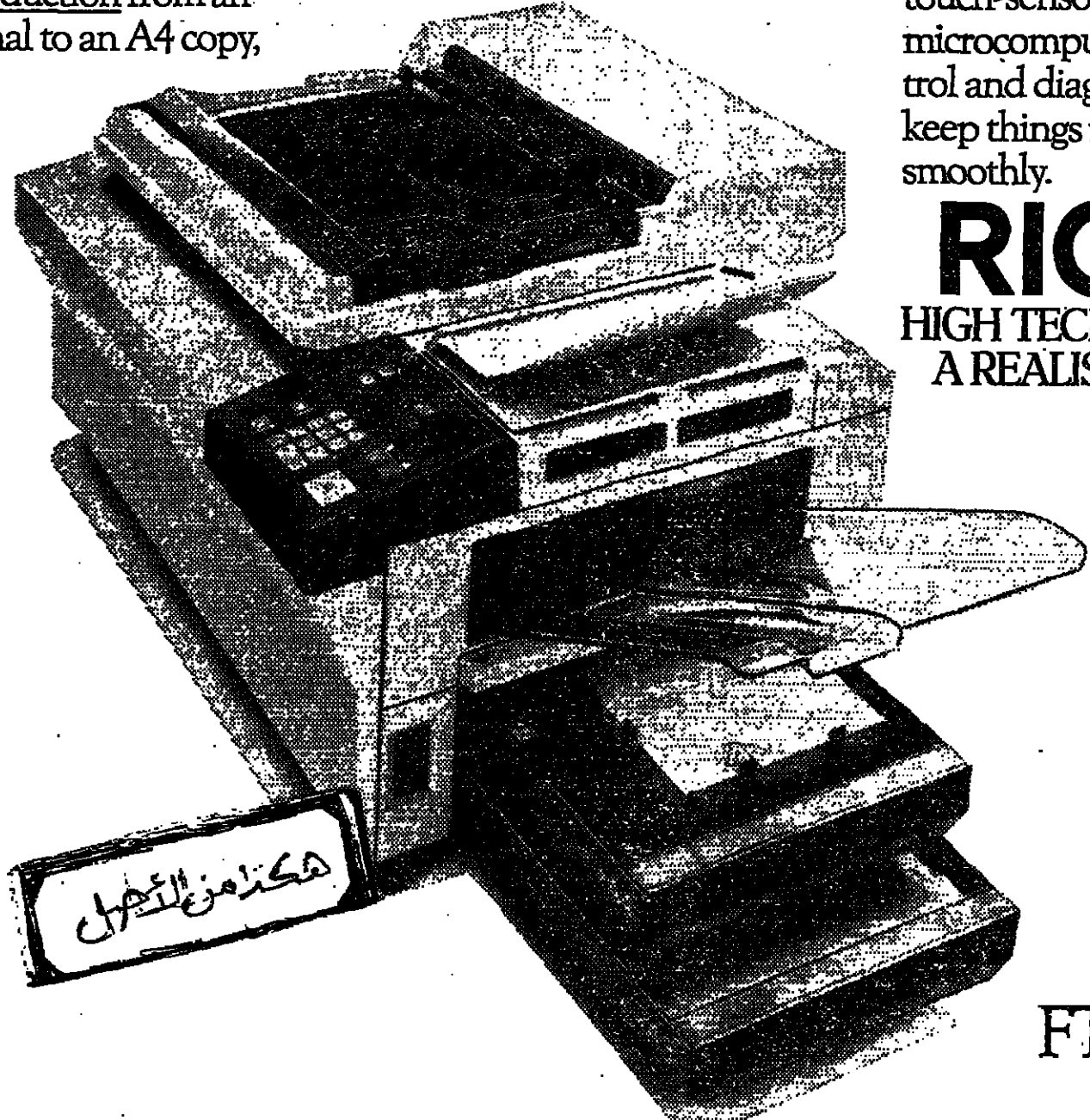
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Mubarak sees population growth as key problem

BY ANTHONY McDERMOTT IN CAIRO

PRESIDENT Hosni Mubarak of Egypt has firmly identified as the key to his country's economic problems the growth in population, now running at more than 3 per cent a year.

He was addressing the opening session of a national economic conference here at the weekend, which is due to establish the guidelines for long-term policies and planning.

"The present rate of population increase obstructs economic development and shatters our hopes for securing a prosperous life for every Egyptian," he declared.

In discussions following his speech, based on some of the 35 papers produced for the conference, two former Prime Ministers suggested modifications to the liberal economic policies initiated by the late President Anwar Sadat in 1974.

Mr Mubarak said that last month Egypt's population had reached 44m and was growing at the rate of 1.3m a year. He calculated it would reach 70m

by the year 2,000 and double in the following 25 years.

After Mr Mubarak's speech, discussion started on a working paper suggesting the investment annually of \$26bn (\$3.8bn) to produce 400,000 new jobs a year.

Mr Mubarak gave other figures to illustrate the extent to which the population would have an impact on the economy. He pointed out that over the next 18 years, 8m housing units would be required and that the number of school-children qualifying for compulsory primary schooling would double by the year 2,000 to 12m.

Among the other speakers: Dr Abdel-Adiz Higazi, Prime Minister between 1973 and 1975, was critical of President Sadat's Open Door economic policy, saying it had failed to attract productive foreign and local investment.

Dr Mustapha Khalil, Prime Minister between October 1978 and May 1980, proposed that the public sector should be reorganised.

Syrians report 'mopping-up' in northern city

By Our Foreign Staff

SYRIAN OFFICIALS said yesterday that "mopping-up" operations were continuing against Moslem fundamentalist rebels in the northern city of Hama. The rebels are opposed to the Ba'ath Party Government of President Hafez al-Assad, which draws its main support from the minority Alawite sect.

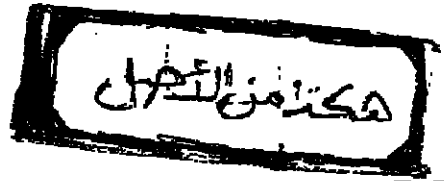
Earlier, the Foreign Minister, Mr Abdel-Halim Khaddam, said that the drive against the rebels—members of the outlawed Moslem Brotherhood—had ended.

The officials said that a road by-passing Hama to Latakia was re-opened yesterday after being closed last week during the disturbances. But the main road into Hama itself remains blocked.

The Government has denied U.S. reports of major battles and heavy casualties in Hama, but the official news-media has reported scores of arrests and the seizure of large quantities of arms and ammunition.

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# UK exporters make Gabon breakthrough

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

BRITISH exporters have made a major advance into the Gabonese market by establishing themselves after two years' negotiation, as suppliers to the Gabonese Railway Authority.

Midland Bank has signed a loan agreement with the Gabon Ministry of Economy and Finance to provide a project line of credit worth £10m at 8.5 per cent interest to fund initial purchases. Further credit arrangements for another £60m are likely later this year.

The existing line is the first buyer credit supported by the Export Credits Guarantee Department in Gabon. The funds are coming from Barclays Bank and Lloyds Bank, as well as the Midland.

They will cover purchases of equipment for the first phase of the Trans-Gabonese Railway, now nearing completion, and services for both the first and second phases of the project.

ECGD said that Henry Boot Engineering had signed a contract for the provision of £1.3m worth of track. Negotiations were well advanced, it said, on four further contracts:

- Consultancy services worth £5m from Transmark, the British Rail subsidiary, related to the running of the first phase and the planning of the second;
- Cranes from NEI-Clark Chapman costing £850,000;
- Marine vehicles, as feeder vessels for the railway, valued at £1.5m from Rotork Marine;
- Clips, which hold railway tracks to sleepers, costing £100,000 from Pandrol.

It is also believed that BRE-Metro, owned by British Rail and Metro-Cammell, the Laird group subsidiary, is negotiating for the sale of rolling stock valued at about £5m.

Additional credits will be available if, as expected, Euro-trag, the 18-member consortium of European companies, in which Taylor Woodrow International and Wimpey have a 22 per cent stake, win what will probably be a £350m contract to build the second phase of the railway.

M Jean-Pierre Lemouba, the Gabon Minister of Economy and Finance, said in London that contracts for the second phase would be signed in May. Gabon's borrowing policy demands that funding for it will have to be at fixed rates of interest.

# UAC, Matsushita in joint deal for Nigerian plant

BY MARK WEBSTER

UNILEVER'S subsidiary, UAC, has reached agreement in principle with the giant Matsushita Electric Company of Japan for the establishment of an electrical and electronic manufacturing company in Nigeria.

The agreement hinges on a decision by the Nigerian Government about the share structure of the new company in the light of the West African Government's insistence on a minimum local holding.

The establishment of a manufacturing company would be a logical development of more than 20 years of close co-operation between Matsushita and UAC in Nigeria.

After years of trading and assembly, the Lagos Government has made it clear that it wishes to increase the locally manufactured content in products on the Nigerian market. But until recently, there has been confusion over the Nigerian "indigenization" law which insisted that any company in Nigeria, even if it held only a minority foreign shareholding, be considered an entirely foreign company for the purposes of fresh investment.

The law has proved an important disincentive to fresh investment by companies with a majority Nigerian holding like UAC's Nigerian arm, UAC of Nigeria.

But the administration of President Shehu Shagari has indicated it wants to encourage more investment and is likely to decide the shareholding of the new company on the basis that UAC Nigeria is already largely in Nigerian hands.

The establishment of an electronics manufacturing industry has long been sought by Nigeria.

# Turkey in nuclear plant talks

ANKARA — Turkey has taken steps to acquire two small-size nuclear plants from Kraftwerke Union (KWU) of West Germany.

The Turkish Foreign Ministry has asked for technical-level meetings with KWU to build two 400 Mw plants along Turkey's Mediterranean coast.

The two plants would reportedly cost \$1.6bn. Turkish efforts in the past to acquire a nuclear power plant failed because Ankara was unable to obtain foreign financing.

An effort in 1980 to buy a Swedish nuclear power plant fell through when the supplier's credit was withdrawn in 1980.

KWU, the leading West German nuclear power station builder confirmed it was holding talks with Turkey about the possible supply of reactors.

# Iran seeks new economic ties

By Our Rio de Janeiro Correspondent

IRAN HAS sent its first Government mission to Brazil since the 1979 revolution with the aim of re-establishing the once-flourishing commercial relations between the two countries.

Led by a clerical member of parliament, Ayatollah Mohajeri, the seven-man mission is paving the way for the arrival of a more senior trade mission empowered to sign contracts.

Before the Revolution Iran was Brazil's third largest oil supplier, after Iraq and Saudi Arabia. As late as 1979 these imports were worth \$827m.

Iranian officials said they are particularly interested in tapping into Brazil's agricultural technology and would like Brazil to restore its intake of Iranian oil to pre-revolution levels of 150,000 barrels per day.

Iran is unlikely to get an encouraging reply on the oil question.

# \$16m Mexico order for Perkins diesel engines

By Our Industrial Staff

THE PETERBOROUGH-based Perkins diesel engine manufacturer is to supply \$30m (£16.5m) worth of engines to Mexico under a new financial arrangement with the Midland Bank.

Perkins will sell the engines to its associate company Motores Perkins for assembly and the Export Credits Guarantee Department has guaranteed the loan.

Under the new arrangement, which Perkins expects to ensure stable funding for its business, the ECGD is backing a loan by the Midland Bank to a Mexican Institution, Nacional Financiera, for the purchase of diesel engine kits.

# Westerly Christner analyses the troubles plaguing Sweden's maritime industry

# Shippers hit by high operating costs

SWEDISH shipping companies have been lobbying vigorously to reduce the heavy operating costs which they claim threaten the industry's survival.

The companies cite estimates that the Swedish merchant fleet has shrunk from a record high of 12.9m deadweight tonnes in 1976 to 5.5m dwt last year, the lowest since 1961. This compares with the British fleet's 50m dwt in 1976, down to 39.9m dwt at the end of last year.

Owners blame this situation on the soaring prices of building new tonnage, bunker charges, high interest rates, currency exchange losses and rising manning costs.

Sweden holds the dubious distinction of having the highest manning costs—including taxation and employers' fees—in the world.

Until the mid-1970s when the effects of the oil crisis hit Swedish shipping, maritime unions successfully demanded uniquely generous wage and benefit settlements.

The average officer today works about five months out of 12, the seaman somewhat more.

Their income is subject to a special, lower seamen's tax—against which extra on-shore work is taxed from zero.

"In 1973, all bulk and oil carriers were employed. The following year, the unions said if the owners did not give them everything they wanted they would strike. So the owners gave in to all the demands," said a Gothenburg maritime industry expert.

The consequences of the world shipping slump, combined with Sweden's high costs, were disastrous. Ships were sold, sometimes at less than their real value, to obtain extra bank security.

Some well-established companies, like Malmros and Granges, were stripped bare of usable assets. For example, a spectacular quarrel with unions over manning costs, allegedly stirred up by the International Transport Workers' Federation, led Broström to abandon the cruise business and sell two ships.

The companies which escaped the crisis intact started allowing officers to buy into their vessels. This created a wave of part-ownerships, which are now coming under tax scrutiny.

Swedish shipowners also began to operate as big a fleet as in the middle of the 1970s without owning as much of it," the maritime expert said.

The three main Swedish maritime unions—representing some 11,500 active seamen, and 3,000 deck and 3,500 engine officers—have appeared at a loss as to how to react positively to the owners' cost-reducing efforts. This has been put down to lack of strong union leadership.

"The unions' leaders really do not understand the issues. It is very sad they are so weak," said an official of the Transport Ministry, which is responsible for shipping.

The unions have always argued that owner's cost-saving pleas amount to nothing more than an excuse for allowing owners to 'flag-out' or run down the country's merchant marine fleet.

Something must be done to stop flagging-out and instead to maintain our fleet," said Mr Ove Björk, chairman of the Swedish Seamen's Union, who wants a separate shipping ministry to be established.

Government and shipping representatives have been quick to agree there is no law preventing a Swedish owner from selling vessels abroad, then operating them with foreign flags.

In spite of the antagonism between owners and the workforce, most companies say the advantages in keeping Swedish shipping going still outweigh the headaches of trying to make the unions understand what must be done, and why.

At the same time, the companies and the Government—the latter traditionally weak on shipping matters—have dismissed the preoccupation with flagging-out as irrelevant.

To try to reverse the industry's steady decline, Mr Claes Elmstedt, the Transport Minister, called on the shipowners and unions last August to start a three-way dialogue. The groups have met several times with little success.

although an independent consultant to the Transport Ministry has submitted a report on Swedish shipping including how to create tax incentives to generate greater operating cost efficiency.

According to the report, which is being examined by owners and the unions, people employed at sea for between nine and 10 months should have a 75 per cent tax reduction, falling to 50 per cent for between eight and nine months at sea, and 25 per cent for between six and eight months. The seamen's tax situation would then be equal to that of any Swedish worker employed by a Swedish multinational based abroad.

The Treasury's estimated loss in revenue from the measures would be roughly Skr 250m (£23m), which the report said would be more than compensated for in a few years' time by increased shipping activity and thousands of new jobs.

If there are no reforms, there is a risk that Sweden will lose tonnage, and investment in new ships will slump, the owners say.

# SHIPPING REPORT

# Major orders boost depressed industry

BY ANDREW FISHER, SHIPPING CORRESPONDENT

SHIPBUILDING is hardly one of the world's current growth industries, with 1982 expected to be a tough year as the shipping markets stay depressed. But last week saw news of significant orders with others in the pipeline.

The announcement that the \$200m (£108m) order for three container ships by the Barber Blue Sea consortium, with UK, Norwegian and Swedish members, would go to South Korea was further evidence of how the Japanese are being undercut by their Asian neighbour.

Mitsubishi Heavy Industries, for one, had hoped to take part in the order, which involves options for further ships, but Korean prices are at least 15 per cent lower than Japan's and companies like Hyundai are also prepared to quote in dollars.

Also on the way is a £150m replacement order for five ships by Atlantic Container Line (ACL), including Cunard of the UK and other European lines. Tenders have been received from a number of yards and ACL is likely to take a decision soon.

# British carrier sale

BRITISH Shipbuilders has confirmed the placing of a £25m Scandinavian order for a general purpose cargo container carrier to be built at the Swan Hunter yard on the Tyne, our Shipping Correspondent writes.

The 42,000 deadweight tonne vessel will actually be built for Lombard Maritime London. On completion it will be chartered to Lief Hoegh (UK), part of the major Norwegian shipping group.

# World Economic Indicators

	RETAIL PRICES (1975 = 100)				% change over previous year
	Dec '81	Nov '81	Oct '81	Dec '80	
W. Germany	132.2	131.2	131.2	124.4	4.3
UK	229.1	227.7	225.3	204.5	12.0
France	197.0	195.7	194.0	172.8	14.0
Italy	273.2	270.4	265.9	231.6	18.0
Netherlands	148.4	148.4	148.0	138.2	7.4
Belgium	152.1	151.1	149.4	148.6	8.2
U.S.	174.6	174.1	172.6	160.3	8.9
Japan	145.9	145.7	144.1	139.6	4.5

Sources (except U.S., Japan): Eurostat

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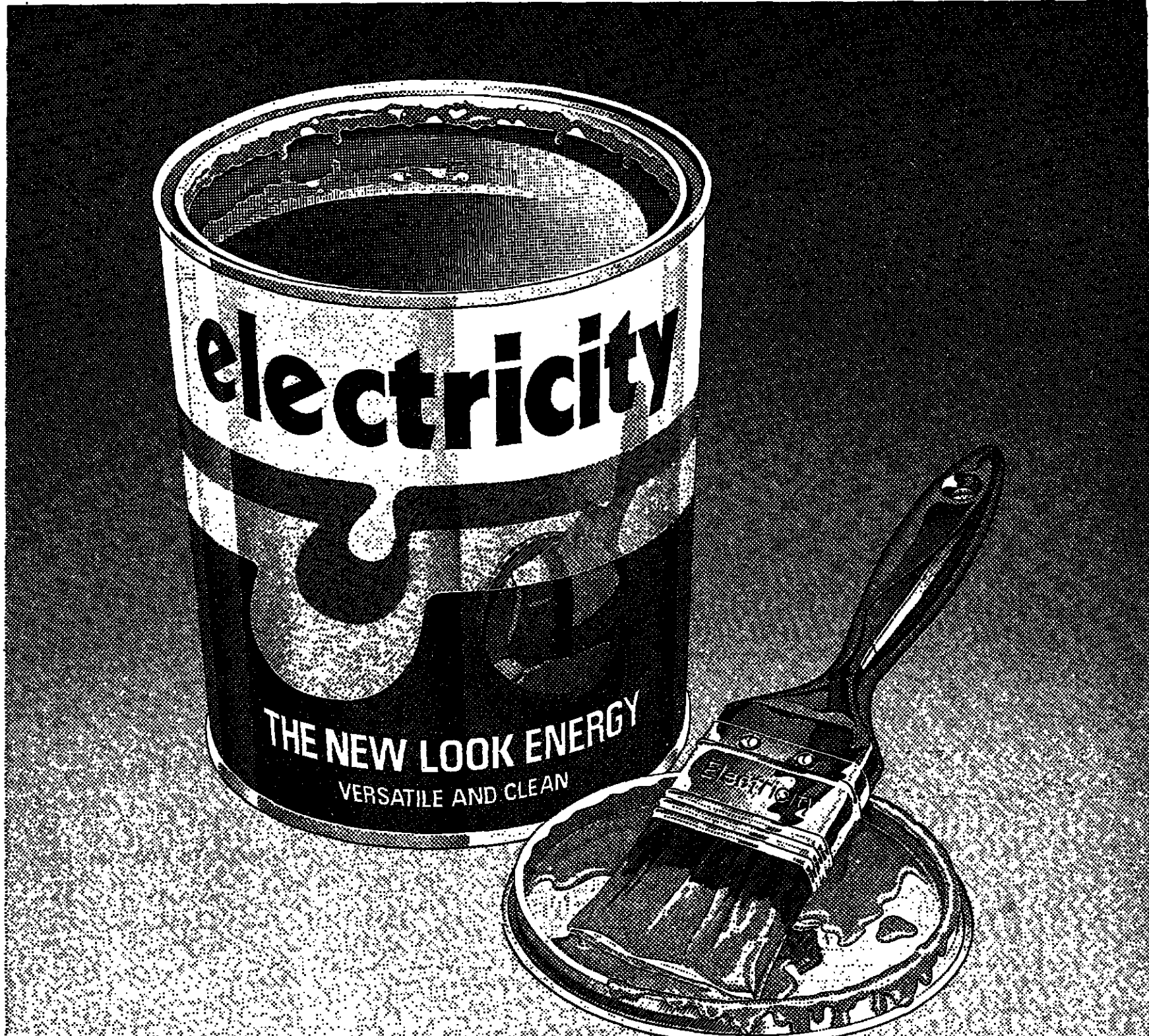
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# Labour plans economic development agencies

BY GARETH GRIFFITHS

A FUTURE Labour Government would introduce regional economic development agencies in England, and abolish enterprise zones, Mr Stan Orme, the party's industry spokesman, said at the weekend.

Mr Orme told the Labour Party's local government conference, in Sheffield, that the new bodies would be set up along the lines of the Scottish and Welsh development agencies.

These would be centrally funded and would probably match areas already used for economic planning. The UK is divided into 16 economic regions, and Mr Orme said the agencies would be appointed with strong local authority representation.

Local enterprise boards, set

up by several authorities including the Greater London Council and the West Midlands County Council, would have to be tailored into the scheme.

The local enterprise boards are funded primarily under section 137 of the 1974 Local Government Act, which allows councils to use the product of a 2p rate to fund industry. Mr Tom King, the local government minister, last week announced proposals which would limit such aid to the product of 1p rate. Mr Orme said this condition, if implemented, would kill the enterprise boards.

Mr Geoff Edge, the chairman of the West Midlands County Council economic committee, said there was a need for authorities to be able to levy all the 2p rate. Also, there was an urgent need for legislation to sort out unclear areas of pen-

sion fund investment in local authority projects. One of the main aims of the local enterprise boards is to attract institutional investment, using the local authority employee's pension funds as a springboard. Legal opinion appears divided on this issue.

An attack on the way the GLC Labour group is run was made at the conference by Mr Andrew McIntosh, the former leader of the group. He said so much business was now referred to the Labour group instead of being handled by committees, that leadership decided the group's agenda. Mr McIntosh said that individual councillors now found it very difficult to propose new ideas. This meant there was an effective autocracy in the council, similar to the days of old-style political bosses.

# Disciplinary procedure at Lloyd's attacked

By John Moore

A LLOYD'S underwriter who faces expulsion from the insurance market has complained to a member of the House of Lords about the behaviour of the Lloyd's authorities.

At the request of Lord Orr-Ewing, Mr Reid Wilson, the underwriter, has detailed his objections to Lloyd's behaviour over his disciplinary hearings. Lord Orr-Ewing will be helping steer the Lloyd's Bill, for improving the market's self regulation, through its later stages in Parliament.

Mr Wilson faces expulsion from the Lloyd's market following an internal inquiry and arbitration proceedings which studied the trading relationship of an underwriting syndicate which he headed, syndicate 566, with the Lloyd's insurance broking company of the Christopher Moran Group.

After the arbitration Lloyd's decided to call a meeting of its 20,000 members for the purpose of excluding Mr Wilson as a member after finding him guilty of "acts and defaults discreditable to him as an underwriter."

But Lloyd's deferred the meeting until the conclusion of outstanding arbitration under section 20 of the Lloyd's Act of 1871 against Mr Christopher Moran. But this is not likely to be before the end of October.

Meanwhile Mr Wilson is precluded from employment in Lloyd's until his fate is determined.

He has requisitioned a meeting to determine his fate in accordance with the Lloyd's Act. But Lloyd's is reluctant to proceed and is seeking advice from a High Court judge about the position.

Mr Wilson has warned that the moves Lloyd's is taking could have wide implications if it gains a legal immunity, protecting a new Lloyd's council from suits for damages.

"If the committee currently is prepared to challenge their own rule book in court, and indeed could be sued for damages by me or any others, what potential problems could arise if they are given full immunity?"

"In a case like this, whatever the rights or wrongs, they can bulldoze an individual such as myself into vast court actions and fees," Mr Wilson has told Lord Orr-Ewing.

# SDP Constitutional Convention

# Delegates approve basic structure of their party but insert loopholes

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE 300 SDP representatives gathered in London at the weekend approved the basic structure of the draft constitution put forward by the leadership.

But they knocked two holes in the plan and made clear throughout a day-and-a-half's debate, and at times caustic voting, that they would react badly to attempts to impose views on them from above.

Yesterday the leadership suffered what could be a fairly serious setback when representatives ignored a strong appeal from the steering committee and carried a motion which will give area parties the right to withhold at least 20 per cent of subscription revenue from head office.

If the resolution were implemented this year the SDP might lose about £150,000 of its forecast income and have to make staff redundant.

But Mr William Rodgers, member of the party leadership responsible for organisation, said yesterday that the resolution did not apply to this year on the grounds that the national committee, which the conference decided should be the body to issue the appropriate instructions to local parties, had not yet been set up.

At present the full subscription of £11 is returned to head office and local parties raise their own funds separately.

It has been clear for some time that this has created resentment in area parties.

In the debate members argued strongly for some local control over money, to help finance local elections and provide an incentive to recruit locally.

They repeatedly criticised "unnecessary bureaucracy" and it was clear throughout that members were hostile toward anything smacking of centralisation.

The message of nearly all the debates was that members were attracted to the SDP in the first

place because they thought it would give them a chance to participate in politics, and that they would be very aggrieved if the party watered down its commitment to consultative democracy and decentralisation.

This was most obvious in the debate on the method of electing the leader, when they voted overwhelmingly against restricting the electoral franchise to MPs. But it was also a factor in the other changes to the constitution which representatives insisted on making.

On Saturday in the first debate of the conference, they rejected the leadership's proposal that the basic unit of organisation be based on groups of constituencies rather than individual ones, and insisted on a degree of local autonomy.

They went on to shrug off the steering committee's advice again, and carry an amendment giving area parties the right to delegate responsibility to local parties for that most envied of tasks, selection of candidates.

Mr Rodgers argued passionately against undermining the principle of area parties, on the grounds that they were far better suited to the needs of the SDP than "old-fashioned" constituency parties.

In this way, he said, stronger constituencies could help weaker ones in the same area, and the negotiations with the Liberals would be made much easier.

views of mobile middle classes would get to meetings.

The vote brought a compromise: they threw out an amendment to make constituency-based parties mandatory, and instead for a permissive one for area parties of "one or more parliamentary constituencies" up to seven.

The amendment means that the steering committee must rethink the rules for the election to the Council for Social Democracy, as under the original draft each would be entitled to elect two members, which with numerous constituency-based parties would make the council unmanageably large.

Alternatively, the steering committee may try to use powers it had elsewhere in the constitution to withhold permission for constituency-based parties except in a very few special cases.

The other main area of concern among representatives about the proposed organisational structure was lack of opportunity to initiate policies.

Having learned its lessons in the Labour Party, the steering committee has been very careful not to give party members the right to make decisions binding on MPs.

But it was clear from the debate on the powers of the various national bodies that some members felt the SDP had let them down by not enabling them to formulate policy, as they hoped when they joined the party.

Several speakers complained bitterly that the SDP was betraying the principles for which it stood of "democracy and decentralisation." One warned that it was in danger of becoming the "most disciplined and ideologically restrictive party in Britain."

The steering committee had been worried that conference might carry an amendment tilting the balance away from the parliamentary party.

But they bought off the threatened rebellion fairly lightly by accepting the spirit of an amendment giving the

steering committee certain rights to initiate policy reviews. The committee put one of its own embodying the idea of secret ballots on major policy issues.

Despite the changes made, the basic pyramid structure of the proposed constitution remained intact at the end.

### Responsible

Area parties will elect members to the 400-strong Council of Social Democracy, on which MPs and a small group of co-opted members will sit as non-voting members. The council, led by the president, will elect 12 members to the 40-strong national committee, to be responsible for the party's affairs outside Westminster.

Most other members of the powerful national committee will be either directly elected by party members or come from Westminster.

This committee will in turn elect a sub-committee responsible for preparation of policy statements for submission to the Council.

Once passed by the Council, the statements will be considered by the sub-committee for inclusion in the party manifesto.

But to avoid the kind of arguments which drove the SDP founders out of the Labour Party it is split out in the constitution that MPs will regulate their own proceedings.

They will not be bound by policy statements passed by the Council, or mandated in any way.

Winding up the debate on the Council's functions, Mr Roy Jenkins said the aim of the constitution was to strike the balance between the "greatest possible democracy and the rights of elected MPs."

But it was clear from the weekend debates that if the MPs did not make use of the elaborate procedures to consult views of members, some people who joined the SDP for the opportunity to influence decisions would be very disappointed.

# Heseltine defends role of public sector

BY PETER RIDDELL, POLITICAL EDITOR

A STRONG DEFENCE of the role of the public sector working in partnership with private enterprise was made yesterday by Mr Michael Heseltine, Environment Secretary, in a speech clearly intended to mark out his own distinctive brand of Conservatism.

Mr Heseltine told Young Conservatives in Harrogate that it was wrong to confuse the Tory approach with that of laissez-faire liberals. The Tory knows full well that for society to derive the greatest advantage

from private enterprise it is necessary for it to operate within regulated climate."

He stressed the need for clarifying the Tory attitude to the public sector. "We must not be thought to indulge in a general attack on the whole when all we seek is a specific attack on a part in any foreseeable society millions of our citizens will work for and depend upon the public sector and they will simply not understand mindless criticism that appears irrelevant or hostile to

their needs, expectation and security."

He also emphasised the dangers of high unemployment among the black community in Britain and appealed to City financial organisations to recognise the social problems of inner cities.

"Perhaps the very survival of our institutions in this country for so long without revolution owes much to the sense of responsibility of those who enjoyed the power of capital," said Mr Heseltine.

# Lead-free petrol option 'overlooked'

FINANCIAL TIMES REPORTER

A REPORT commissioned by the recently-formed Campaign for Lead Free Air (Clear) yesterday questioned the Government's decision not to move towards banning lead from petrol.

The report, by Coopers and Lybrand, says it was difficult to understand last year's Government decision merely to reduce lead content from 0.4 grammes a litre to 0.15 grammes by 1985.

An alternative option of stipulating lead-free petrol for new vehicles, with the 0.15 grammes

limit for existing ones, had been "totally overlooked" by the Government working party.

Controversy over the lead content of petrol has been revived by the disclosure last week of a letter by Sir Henry Yelloweas, chief medical officer at the Department of Health and Social Security, saying there was a strong likelihood that lead in petrol was permanently reducing the IQ of many children.

The Coopers and Lybrand report says: "Even if the case were not fully proven, the

potential harmful effects are so insidious and widespread that it would be criminal, whilst serious suspicion remains, not to take all reasonable preventive measures."

Mr Des Wilson, chairman of the Campaign for Lead Free Air, said: "In my view the case for the Government to answer—that it made a fundamental blunder last year—is now becoming so substantial that only obstinacy by Whitehall and the greed of the oil companies can stand in its way."

endanger

At one point Mr Rodgers went so far as saying that a switch to constituency parties could endanger the party's whole election effort.

His plan did not seem to move those parties determined to organise themselves on a constituency basis.

The debate showed a clear divide between rural and urban parties, with rural parties insisting that the wide distances from one side of a party area to another meant that only the

majority favours 'one member one vote' to choose leader

Sketch

Fur flies in stroll down memory lane

DR DAVID OWEN, who takes himself and his politics very seriously—had no doubt at all that momentous and historic events were afoot at the Social Democrats' week-end conference.

He solemnly assured the representatives at Kensington Town Hall that they were drawing up a constitution that would last for the next century.

A more irreverent view was taken by Mr Frank Dobson, the Labour MP for Holborn and St Pancras South, who was lurking in the shadows as a sort of devil's advocate.

According to him the whole affair had more in common with the yapping and growling going on a mile down the road at Crufts Dog Show. Saturday's opening sessions certainly seemed to confirm the Dobson verdict.

Representatives beginning the two-day truce through the 30,000-word constitution kept returning to one arduous question—women's rights, or, to use the current buzzword, "positive discrimination" in favour of women on the SDP Council and the short list of parliamentary candidates.

This particular debate ended with scenes of exquisite irony over the issue of whether women should have a guaranteed place on the party's Council. Initially this proposition was rejected by one vote—146-145. Instant uproar.

It was, in fact, just like old times at the Labour Party Conference. All we needed was a punch-up in the corner between union delegates to make the picture complete.

The result of the recount—a tied vote of 150-150—made matters worse. Mopping his brow distractedly Mr Jenkins got himself off the hook with an inspired proposition that the matter should be put to a vote of the entire membership in the country.

Yesterday was a much more sober affair. The main question on the agenda was the method of electing the leader. Should it be the prerogative of the party's MPs at Westminster, or by a vote of the entire 78,000 membership?

If the choice was left to the MPs, Mr Jenkins envisaged a better chance of choosing a leader. The wide franchise, however, would probably favour Dr Owen. Both contenders set on the stage, looking into space, it is to imply that the result was a matter of sublime indifference to them.

John Hunt

majority favours 'one member one vote' to choose leader

Sketch

Fur flies in stroll down memory lane

DR DAVID OWEN, who takes himself and his politics very seriously—had no doubt at all that momentous and historic events were afoot at the Social Democrats' week-end conference.

He solemnly assured the representatives at Kensington Town Hall that they were drawing up a constitution that would last for the next century.

A more irreverent view was taken by Mr Frank Dobson, the Labour MP for Holborn and St Pancras South, who was lurking in the shadows as a sort of devil's advocate.

According to him the whole affair had more in common with the yapping and growling going on a mile down the road at Crufts Dog Show. Saturday's opening sessions certainly seemed to confirm the Dobson verdict.

Representatives beginning the two-day truce through the 30,000-word constitution kept returning to one arduous question—women's rights, or, to use the current buzzword, "positive discrimination" in favour of women on the SDP Council and the short list of parliamentary candidates.

This particular debate ended with scenes of exquisite irony over the issue of whether women should have a guaranteed place on the party's Council. Initially this proposition was rejected by one vote—146-145. Instant uproar.

It was, in fact, just like old times at the Labour Party Conference. All we needed was a punch-up in the corner between union delegates to make the picture complete.

The result of the recount—a tied vote of 150-150—made matters worse. Mopping his brow distractedly Mr Jenkins got himself off the hook with an inspired proposition that the matter should be put to a vote of the entire membership in the country.

Yesterday was a much more sober affair. The main question on the agenda was the method of electing the leader. Should it be the prerogative of the party's MPs at Westminster, or by a vote of the entire 78,000 membership?

If the choice was left to the MPs, Mr Jenkins envisaged a better chance of choosing a leader. The wide franchise, however, would probably favour Dr Owen. Both contenders set on the stage, looking into space, it is to imply that the result was a matter of sublime indifference to them.

John Hunt

# Ballot planned on equality

BY ELINOR GOODMAN

THE SDP leadership is to ballot its 78,000 members on its proposal to guarantee equal representation for women on the Council for Social Democracy in an attempt to resolve the most controversial issue of the conference.

The decision follows more than three hours of anguished debates on Saturday in which representatives showed themselves to be united in wanting to improve the representation of women in politics, but split down the middle on how to achieve it.

Amid scenes of total confusion, the conference voted narrowly in favour of including a minimum of two women on the shortlist of candidates for parliamentary seats, and in favour of the steering committee's proposals for guaranteeing women four places on the 40 strong national committee.

They split 150/150 on the most important question of whether area parties should be obliged to elect an equal number of men and women to the party's supreme decision making body, the Council for Social Democracy.

Two recounts and numerous points of order were required to arrive even at this inconclusive result. Despite the confusion that surrounded the

whole question of positive discrimination, only the proposal on the membership of the Council is to go to a secret ballot of party members.

The principal of positive discrimination has, therefore, been enshrined in the constitution as a result of the votes in favour of both the selection of candidates and the composition of the national committee.

Feelings ran higher in the debate on women than at any other point during the conference. It was clear that many local parties had anguished for hours on how best to ensure that the SDP lived up to its promise to give women an equal opportunity within the party.

Though three separate proposals were discussed, the arguments advanced were basically the same. Opponents of the idea of giving women special treatment argued that positive discrimination was "insulting to women."

Such provisions would, they claimed, put sub-standard women in positions of power. Why, they demanded, stop at women? Why not positive discrimination for blacks, and other minority groups? As in the local parties, some of the speakers most passionately opposed to positive discrimina-

tion were women who had, they said, got where they were purely on ability.

In arguing against the proposal, some speakers invoked Mrs Shirley Williams as an example of the success which women can achieve through their own efforts.

Mrs Williams insisted that in Britain it required far more effort for a woman to succeed than a man. Women, she pointed out, were grossly underrepresented at Westminster, with only 20 out of 635 seats in the Commons.

The only way to change the situation was for a political party to make positive discrimination a major part of its appeal to the electorate. The vote on this issue, she said, would be one of the best tests of whether the SDP intended being a truly democratic and representative party.

On Sunday, representatives also went through considerable anguish over whether to come out specifically in favour of equal rights for homosexuals. Eventually, they voted by 147 to 160 to delete the reference in the party's statement of principles to "sexual orientation" and to go instead for a blunder statement about the need to create an open society which rejected prejudices based on "sex, race or religion."

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## THE ADVERTISERS IN THIS WEEK'S RADIO TIMES MAY NOT BE HOME AND DRY. BUT AT LEAST THEY'RE HOME.

Home, if you come to think about it, is rather a good place for advertisements. We should know. Radio Times is at home, ads and all, for nine days. (We say nine days because we cover seven days of BBC programmes, and publish two days in advance.)

Being at home means ads get plenty of chances to be seen. The family see to that.

All day, every day, we're being used, picked up, leafed through, looked at. Programmes are noted, ads are seen. It's good for us. And it's good for our advertisers.

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More than a fifth of all adults in the country read Radio Times.

So do more than a fifth of all housewives.

We've more ABC readers than any other magazine or newspaper.

In fact, we're the largest-selling weekly in Britain.

**RadioTimes**

For further information contact Head of Advertisement Department, BBC Publications, 35 Marylebone High Street, London W1M 4AA. Telephone: 01-580 5577.

THE SDP Conference yesterday, rejected the leadership's recommendation on the method of electing a future leader, and voted heavily in favour of giving every party member a vote in the leadership election.

In a highly complicated ballot, which was preceded by numerous points of order, members were asked to choose between three sets of proposals. The result, announced to roars of approval, was 166 votes for the principle of "one member one vote," compared to 73 votes for the idea of some interim arrangement under which party members would elect the leader until the Parliamentary party grew larger. The leadership's preferred solution of an election by MPs alone got 63 votes, and now looks dead.

All three proposals will now go to a ballot of the entire membership next month. But the size of the vote in favour of one member one vote means that, in some form, it must now be the strong favourite to win.

The existing four SDP leaders are split over the method of electing the future leader. Yesterday's vote was a blow to Mr William Rodgers and Mr Roy Jenkins who, with the majority of the steering committee, want MPs to have the right to elect their leader. The vote was a triumph for Mr Michael Thomas who has led the campaign to give every party member a vote. Yesterday, he infuriated some of his colleagues by getting round the steering committee's self-denying ordinance on expressing a preference during the debate, and attacked the steering committee from the rostrum in his capacity as the representative of his local party in Newcastle upon Tyne.

If he was not a member of the steering committee himself, he said, he would "sue it for a breach of the Trades Description Act." Many of the 78,000 people who had joined the party, he claimed, had done so because they believed in the principle of one man one vote. To depart from this idea now would be to betray the principles on which the party was founded.

If MPs were given the exclusive right to elect the leader, he argued, a candidate would require only 15 votes in addition to his own. "Fifteen votes even of archangels are not democratic," he said.

His speech annoyed some members of the steering committee, but it clearly reflected the views of many representatives.

During the debate, members repeatedly argued that they had not joined the party only to give MPs the exclusive right to elect the leader.

A number argued for the compromise proposal of some interim arrangement until the Parliamentary Party grew larger. The Parliamentary Party at the moment, they said, was too small to be a satisfactory electoral college. Moreover, only one of the members had been elected as a Social Democrat.

Those in favour of the leadership's recommendation argued that members should trust MPs to make the right judgment. "If we believe MPs are equipped to form a Government, surely we believe they have the judgment to elect a leader," said one MP, they said, were the best people to judge who should lead them in Parliament.

Others pointed out that the party founders had left the Labour Party because they objected to the erosion of MPs' rights.

At the end of the debate, representatives were asked to fill in a complicated ballot paper, embodying the concept of a double transferable vote.

First, they had to choose between the three basic principles. Then they had to mark which of three variations of their preferred solutions they liked best.

The results showed a clear preference for one member one vote, but a cloudier picture of which particular method was best.

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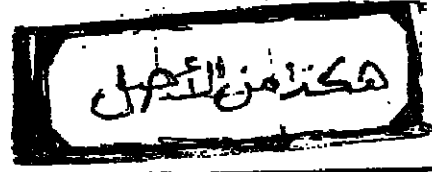
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### Jenkin to meet Nissan executives

By Kenneth Gooding, Motor Industry Correspondent

MR PATRICK JENKIN, Industry Secretary, will this week meet for the first time top executives from the Nissan car group, which is considering setting up a plant in Britain.

He will meet Mr Masatake Okuma, the vice-president spearheading the Japanese company's investigation.

Although Nissan is expected to make a decision about the 200,000-cars-a-year plant by the end of this month for an announcement in March, many observers in the UK motor industry believe the odds in favour of the plant being set up are still only 50-50.

Nissan still has to agree with Industry Department officials on the way it will measure the local content of the cars it might produce in Britain. It has promised to start with a 60 per cent local (meaning European) content, building to 80 per cent as quickly as possible but has never stated how the percentage would be measured.

Talks with British unions about having one bargaining point for the plant will also take place shortly.

### Wales factory plan

THE WELSH Development Agency has announced a construction programme to provide 360,000 square feet of industrial space in parts of Wales not included in special schemes undertaken after the steel closures. The factories should provide up to 1,000 new jobs.

### Industry boost urged

A DELEGATION from the Engineering Employers' Federation will today ask Mr Lester Brittan, Chief Secretary to the Treasury, for budget measures to boost industry.

The EEF team, led by Mr Astley Whittall, chairman of its commercial and economic committee, will call for an immediate cut in the national insurance surcharge and more investment by the public sector.

### Full mortgage offer

THE Bristol and West Building Society is to give 100 per cent mortgages to first-time buyers seeking loans of up to £25,000.

Borrowers will be expected to establish their financial credibility by having saved up to 5-10 per cent of the purchase price, but they would be allowed to use these funds in defraying costs associated with the new home and would be given a mortgage to cover full purchase price.

The society will also grant 95 per cent loans on properties valued up to £40,000.

### Rates curb call

LOCAL COUNCILS are urged to do much more to aid industry in a document published today by the Confederation of British Industry's West Midlands region.

The paper says limiting rate rises is the best way to aid industry, and calls for curbs on council's powers to hand out cash incentives to firms, as these add to the rates bill and distort the local economy.

## Threats fly in dispute over tabs on jeans

By ANTHONY MORETON, TEXTILE CORRESPONDENT

THE TAB sewn into the seam of the back pocket on a pair of jeans has suddenly caused an enormous upset in the clothing world.

Writs and threats of writs are flying around and a meeting of 15 clothes manufacturers is being held in London next Friday to discuss the whole matter of labels.

What the industry fears is that a move quietly taken back in 1972 by Levi Strauss, the American jeans manufacturer which claims to be the world's largest clothing producer, could lead to manufacturers no longer being able to put their own labels in their products.

The British industry is annoyed because it failed to appreciate the consequences of Levi Strauss's original move. The story began when the San Francisco-based company made application No. 100394 to

the Registrar of Trade Marks to register a label in red, orange, white, black or blue, sewn into the left-hand seam of the rear pocket of a pair of jeans. This was granted, with effect from 1972.

Five years later the company, which has several production units in Scotland, filed an application to register as a trade mark tabs sewn into the seam or flap of a pocket. This application was considered a valid step by the Registrar, who announced it in November 1981 and called for comments from the industry.

This time, the rest of the industry was aware of what was happening and was dismayed to discover that Levi Strauss was considering a third application for the right to use a tab on all clothing and footwear with no limitation on colour. The clothing industry was already seriously concerned that

the second application could affect shirt-makers and those who produced skirts and blouses. It now considers that if Levi Strauss gets its way on the third application, virtually all labels in clothes, other than those in the American company's own products, will disappear.

Mr Gerald French, director of the British Clothing Industry Association, which is holding this week's meeting, said it was taking advice from its chartered patent agent on all the applications made by Levi Strauss, which is not a member of the association.

He said: "We must ensure that the applications are fully investigated and rigorously opposed. It now appears to us that the applications could cut across the existing practices of many of our member-companies."

## Energy demand 'will rise slowly'

FINANCIAL TIMES REPORTER

ENERGY demand in the UK will grow less than half as fast as the economy in the 1980s, reflecting likely structural changes in the economy rather than conservation moves.

Cambridge Econometrics, a commercial arm of the Department of Applied Economics at Cambridge University, has forecast that the amount of primary energy required by the economy will grow by 0.6 per cent a year from 355m tonnes coal equivalent (mtece) in 1980 to 378 mtece in 1990. The forecast, issued today, assumes a 1.3 per cent annual growth in the UK economy.

Industrial and commercial energy demand is predicted to

rise from 26.6bn therms in 1980 to 28.6bn therms in 1990. Demand for solid fuel and oil will decline by about 7 per cent over the decade while gas demand will rise by 20 per cent and will overtake oil as the UK's most important energy source.

Gas will provide more than a third of total energy needs. Electricity demand will grow by 28 per cent over the period. The relative sluggishness in industrial energy demand reflects the poor outlook for energy-intensive industries such as iron and steel and ship-building.

The chemical industry is the only energy-intensive industry likely to experience above-average growth. The service sectors, which will experience a fairly rapid growth, are much less energy intensive. Domestic energy demand will increase by only 5 per cent over the period, from 15.8bn therms to 16.6bn therms. The major growth area will be in central heating. This will benefit the gas industry largely, which should see its domestic market share rise from 53 per cent to 60 per cent by 1990.

Cambridge Econometrics forecasts that real oil prices will fall in 1982 and 1983 but over the longer term prices will rise by 3 per cent a year in real terms.

## Hotel guide fears more closures this year

By Arthur Sandles

IT IS a sign of the troubled times that the latest issue of the Good Hotel Guide suggests that potential customers check before arriving that the property of their choice is still in business.

"We fear there will be more closures again this year," says the Guide. "Inflation and recession have regrettably shown no signs of abating, and hotels almost everywhere in Europe, after many years of prosperity, have continued to face a decline in trade."

The guide, published today, returns to the attack on British prices.

Competition has changed the scene somewhat, it says, but "while applauding these efforts, we are bound to note that, simply based on the hotels in this guide—admittedly by no means a cross-section of the hotel trade—prices of city hotels in Britain are still higher than those of comparable hotels in the guide in Continental cities."

"This is true of comparable country hotels." It blames inflation, recent strong value of sterling, high land prices and soaring rates.

"But one major reason why British hotel prices compare so unfavourably with French ones must in part be the tradition in France of family-run establishments, with all the economies that can be achieved when a whole family is involved."

The Good Hotel Guide, 1982, ed. Hilary Rubinstein. The Consumers' Association and Hodder and Stoughton, £7.50.

## Coaches and strip clubs cash in on rail strikes

By LYNTON McLAIN AND MARK WEBSTER

JANUARY was a good month for hotels, road haulage contractors, coach and car rental companies and strip clubs. All have benefited from the past month's rail strikes as commuters have been forced to find alternative transport or spend their nights in town.

It has been a bad time however for the National Coal Board, railway buffets and taxi drivers.

Grand Metropolitan, which has 15 hotels in London, said commuters had increasingly learned to cope with the strike. Although business remained good, there had been a "gentle falling off" from the peak of 98 per cent occupancy at the start of the strike.

Hilton said occupancy rates were up 20 per cent for January by comparison with the previous year, much of which was attributed to the rail strikes.

Hertz, the car rental company, said revenue was up 30 per cent in January compared with the same period last year, about half of which was thanks to the rail strike.

"It's been absolutely wonderful," said Hertz, which reported that the length of hiring had gone up from an average of under three days to nearer five. Avis Rent-a-Car said the average mileage on car rental had gone up but said that even before the strikes it was already benefiting from the bad weather as crash victims were obliged to rent cars while their own were being repaired.

Taxi drivers have been less happy. The Licensed Taxi Drivers' Association said business had been badly affected by the lack of railway station trade, the fall in the number of shoppers and the increase in road traffic.

"People think we have been making money from the rail strike. It's been the opposite,"

said the association. "February is normally a quiet month, but it depends on the weather. We're hoping for a bit of rain."

However, the strike has brought a smile to the lips of club owners who have found a captive audience among the business people trapped in town by the strike.

The takings at Paul Raymond's Revue Bar for January were 14 per cent higher than in January last year. "A fair amount of that must be from the rail strike, what with the hotels being full," said Mr Raymond.

On the roads the express motorway coaches and the rising number of commuter coaches have stepped in with vigour to fill the transport gap caused by the rail strike.

National Express, the motorway coach offshoot of the state-owned National Bus Company which the Government plans partially to denationalise, reported at the weekend a 10 per cent increase in total passenger traffic since the rail strikes started on January 13.

"Sundays are our busiest days, and although we are using up the seasonal spare capacity of the winter people will not be left standing for lack of transport," the company said. The company is used to putting on extra relief coaches and is adapting well to the extra demand.

King of the Road Coaches of Worthing, Sussex, is lapping up the extra commuter traffic which would otherwise have been stranded by the rail strike. For £2 return coach commuters can travel the 120-mile round trip from Shoreham, Sussex, to Morden, a south London suburb, for a connection with the London Underground.

The fare for a day return on British Rail is £8.50 for the journey to London. The coach

leaves at 6.30 am and gets to London at 8.00 am.

"It has been like a party on the coaches," Mr Mike Tavender, a director of King of the Road Coaches said. "Passengers have been coming to us in trainloads, and all by word of mouth, because with our tight operating margins, we cannot afford to advertise."

"Ray Buckton has been the best friend we have had," he said. "The first two days of the rail strike were thin with few extra passengers, then it picked up and has been picking up all the time since then."

Business was now so good and the passengers so pleased to get transport that "it will get to the stage where the coach will soon be stopping at the pub on a Friday night to celebrate," Mr Tavender said.

Grey-Green coaches also reported good business, with 40 of its 105 London-based coaches on charter to banks and business houses in the City. Again, they would normally be in the garage for most of the winter.

Some of the north Kent coach commuters were so pleased with their service that they arranged a party for the coach drivers just before Christmas. "This reflected the very good community spirit of the regular commuter services," said the company.

Passenger volume on the Grey-Green coaches increased by 100-150 per cent in the four weeks of the intermittent rail strikes. The coach drivers are all under firm instructions from the company's management not to treat their passengers as an emergency problem.

In the road haulage sector there was a "noticeable increase in demand" according to National Freight, the state-owned haulage operator and Britain's biggest road transport group.

## Flying on business to Hong Kong?

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One airline only flies 5 times a week. Another has 7 flights but only 5 of them are single-stop, and they have varying departure times.

Two airlines have rules that are either complicated or less than generous when it comes to the luggage you can carry.

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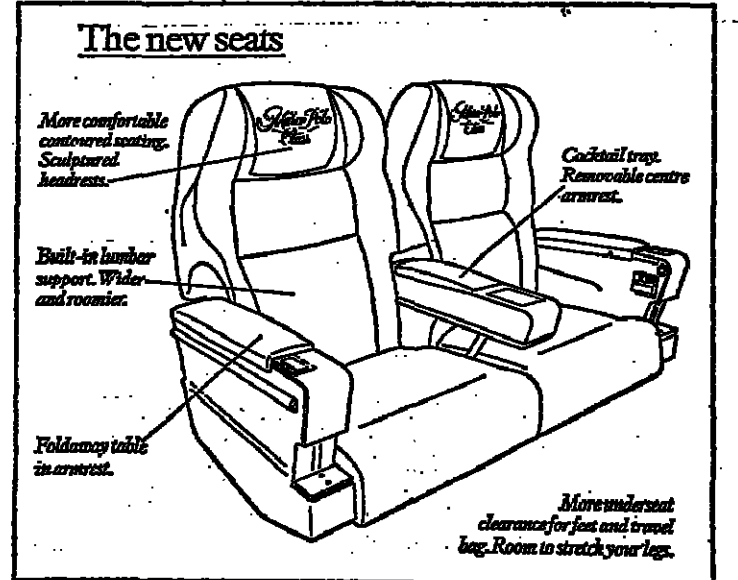
The aircraft is a Rolls-Royce powered Boeing 747, always. The departure time is 11.00 am, always.

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So, for the business traveller to the Far East, we think we offer the most convenient, comfortable and fuss-free choice that there is. Contact your Travel Agent, or phone us direct on 01-930 7878. You can depend on us.

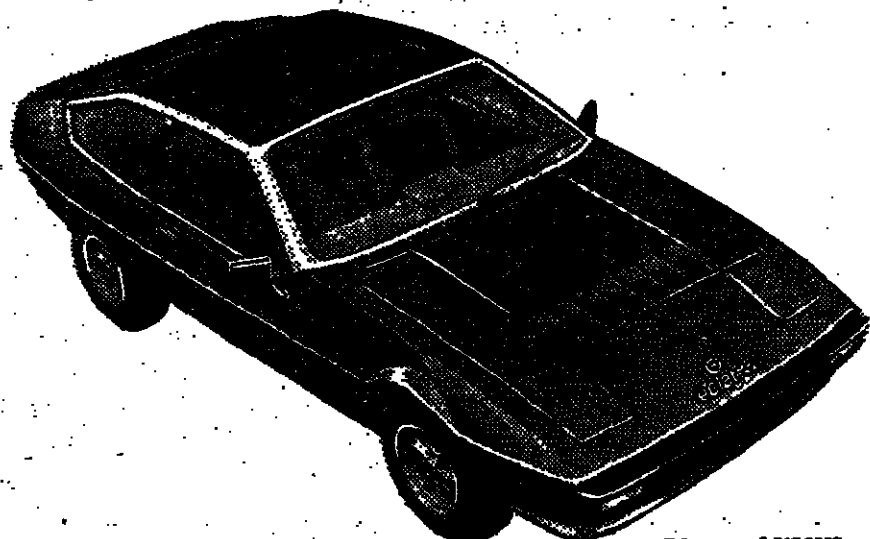


Marco Polo BUSINESS CLASS

ABU DHABI - BAHRAIN - BANGKOK - BOMBAY - BRUNEI - DUBAI - FUKUOKA - HONG KONG - JAKARTA - KOTA KINABALU - KUALA LUMPUR - LONDON - MANILA - MELBOURNE - OSAKA - PENANG - PERTH - PORT MORESBY - SEOUL - SINGAPORE - SYDNEY - TAIPEI - TOKYO.

The Swire Group

## A BREATH OF FRESH AIR, FROM LOTUS.

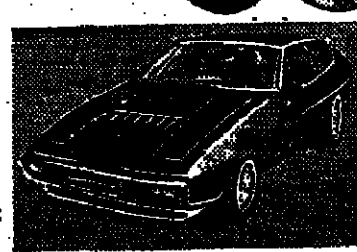


Don't worry. We haven't really changed the Ecstas. Unlike other manufacturers, we haven't found that back seat passengers enjoy being crushed. Or decided it was the end of the road for impressive fuel economy.

We still don't consider an acceleration of 0-60 in just 7.1 seconds simply too much, too soon. And it's okay. The top speed of 132mph still sounds.

Don't run away with the idea we've spoiled the Lotus Ecstas' unforgettable aerodynamic profile and save head handling characteristics either.

In fact, nothing has been thrown out of the window. Because, for the first time, the Lotus Ecstas actually offers you something Lotus couldn't offer with an optional detachable Riviera roof section.



All for around £15,000. Of course, in the light of so much excellence, you may regard this breakthrough as rather unimportant. Consider, for example, the fact that every single Lotus car has been built by our own fair hands. That every engine has been bench tested.

And every chassis government-approved against corrosion for 7 whole years. Why, you could reason, could owners know all this exclusivity? But just imagine the sun on your head. Picture the clear blue sky overhead. Think of gliding effortlessly through miles after miles of exhilarating luxury.

And remember the price. Then perhaps you'll see why the new open roof Lotus Ecstas Riviera is such a breath of fresh air. (The Riviera roof is also available on the Lotus Elise)

Lotus Exclusivity comes as standard. Form with fields for name, address, phone, and dealer information.



Inquiry on rail dispute awaited

By Our Labour Staff
STRIKE ACTION halted all British Rail services again yesterday as all sides involved in the train drivers' dispute awaited the publication of the findings by Lord McCarthy's inquiry.

Response likely

However, while Aslef made clear that it was not prepared to co-operate with the inquiry, the union is expected to be quick to respond if any of the recommendations present a means of bringing about a settlement.

Times print union warns 'no prospect' of agreement

BY IVO DAWNAY, LABOUR STAFF

A SENIOR print union official said last night that the closing of Times Newspapers may have to go ahead to protect the terms and conditions of other Fleet Street print workers.

Mr Mitchell said that Natsopa had made its position clear to the management at meetings last week and no further talks were planned.

News International spread at the weekend. Yesterday Mr John Smith, the Shadow Trade Secretary, said he would be putting down a Parliamentary question to Mr John Biffen, Trade Secretary, demanding an examination of the move.

BA service 90% normal at Heathrow

By Our Labour Staff

BRITISH AIRWAYS last night reported that up to 90 per cent of its European and domestic flights to and from Heathrow Airport had escaped disruption yesterday in spite of a strike by 2,000 ramp workers.

Crucial talks start in bid to end dispute at Leyland Vehicles

BY IVO DAWNAY, LABOUR STAFF

CRUCIAL talks which could settle the future of Leyland Vehicles take place in London today in a bid to end the strike by more than 12,000 workers at the BL truck and bus subsidiary.

striking workers at the plants at Bathgate, near Glasgow and at Leyland and Chorley in Lancashire are to present an alternative corporate strategy to management in a bid to halt the company's own restructuring plan which involved the loss of 4,100 jobs.

Last night Mr Tam Dalyell, Labour MP for West Lothian, who called for the investigation by the public spending watchdog body, said Bathgate workers had secured "grave doubts" over the terms under which the transaction was completed.

Shipbuilding job cuts agreed

BY JOHN LLOYD, LABOUR EDITOR

UNIONS representing about 30,000 workers in British Shipbuilders' naval yards have agreed to redundancies of between 2,500 and 3,000 because of cuts in naval defence expenditure.

However, keeping the redundancies within the 3,000 limit depends upon the success of the corporation's plan to divert some production in the naval yards to oil-related vessels and to naval ships for export.

stronger" since nationalisation five years ago. Talks on a "Shipbuilding Charter" to achieve stability in the industry's industrial relations, improving productivity and involving the unions more closely in decision-making are likely to start after the forthcoming pay talks end.

Bathgate's credibility problem

BRITISH LEYLAND's assurances about the future of its Scottish operations are treated with scepticism at the strike-bound Bathgate truck plant.

There are few political overtones to the Scottish strike. It has more of a community feel to it. Workers are bitter that the planned 1,300 redundancies at Leyland coincide with a threat to close Dlessey's Bathgate factory, with the loss of 350 jobs.

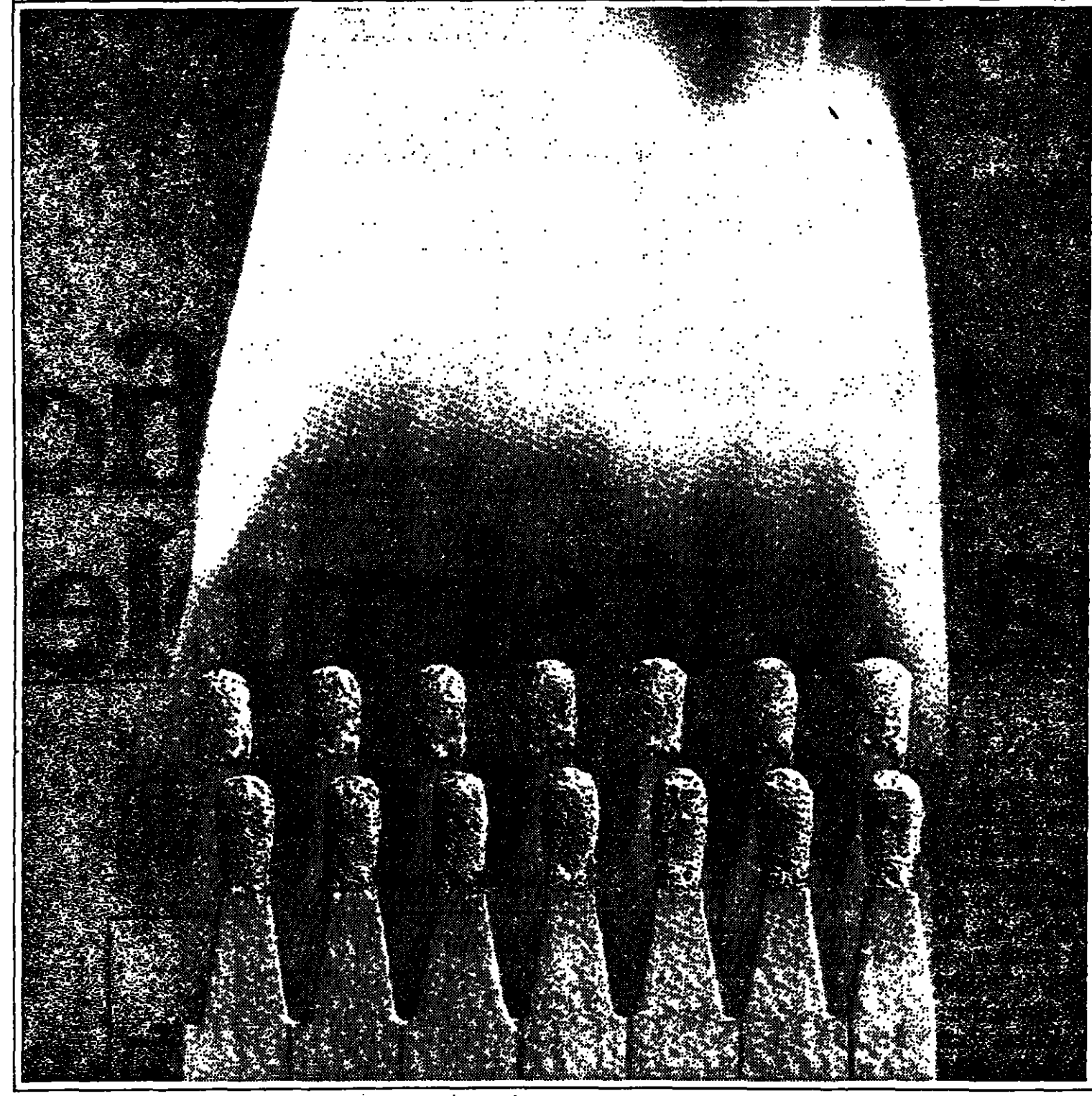
workers, who were offered enhanced terms because production was ending. The unions argue that producing the big Landrain and Landmaster trucks means that as Third World importing countries increase their industrial capacity, Bathgate will be reduced to producing trucks in its form only.

Mark Meredith looks at the obstacles in Leyland's path as it searches for a Scottish peace formula

Workers at the Glasgow plant were promised production of the GF German gearbox under licence but a fall in the value of the pound over the deutschmark put paid to that.

programme to the company designed to keep the present product range of trucks and tractors.

Production of the new engine would only start in 1986 by which time Bathgate would have been reduced to its two export trucks and the centralised production of what the work force consider a "generic" 99 series engine.



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Union protest ends at Shell refinery

BY OUR LABOUR STAFF

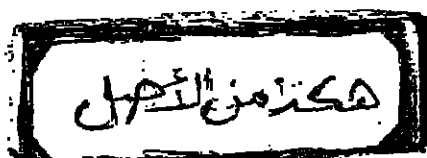
WORKERS AT Shell UK's largest oil refinery voted yesterday to end their dispute over local allowances after a management warning that it would close the plant today if agreement was not reached.

About 1,500 workers have been carrying out sanctions against the company since February 1 in a bid to raise the offer, which is paid for dirty working, holiday interruptions and working at heights.

the 1,500 staff in dispute and guarantee that no disciplinary action will be taken against those involved in the dispute.

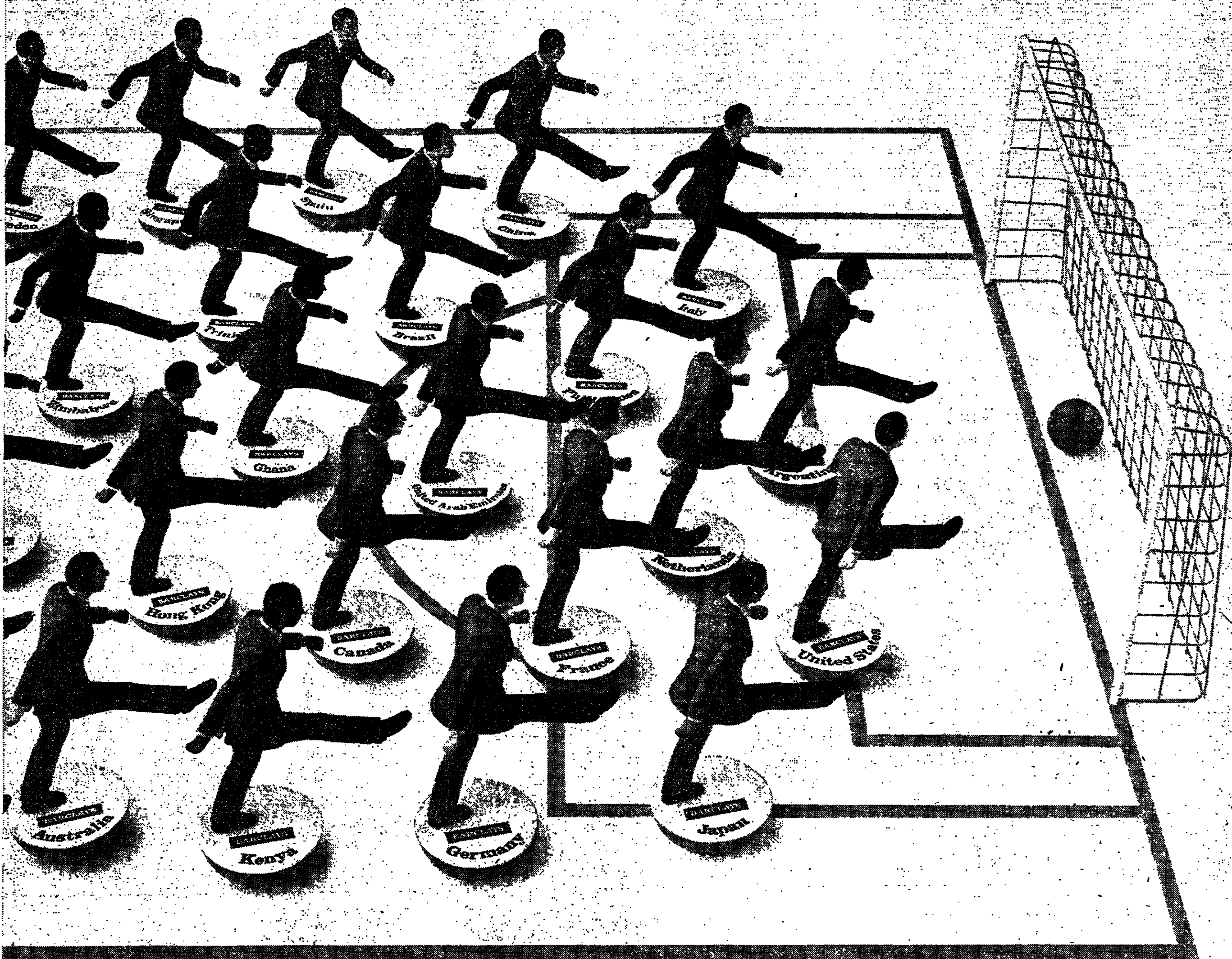
Unigate/St Ivel - Swindon chosen for combined H.Q.

Advertisement for Unigate/St Ivel - Swindon chosen for combined H.Q. Includes text: 'Like many other national and international companies, the new St Ivel chose Swindon because of its position. Adjacent to the M4, Swindon guarantees superb communications by road, rail and air. The capital is only an hour away by high speed train. And it's even quicker to get to Heathrow than it is from central London.' Also includes a logo for 'JOINTLY OWNED SWINDON ENTERPRISE'.





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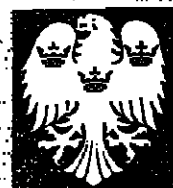
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EDITED BY ALAN CANE

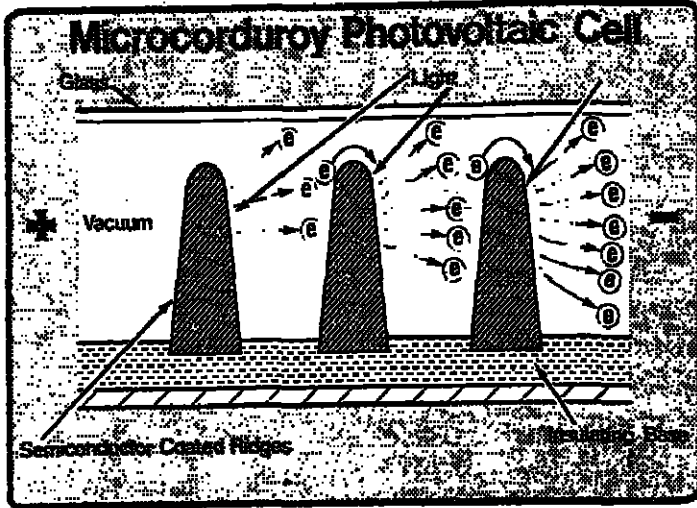
# Star offers cheap power from the Sun

BY MARK NEWHAM

SOLAR power technologies could soon supersede nuclear reactors as the source of the world's cheapest electricity, if the claims of a little-known U.S. company live up to expectations. The company — Solar Technology Associated Research (STAR) of Aurora, New York State — has announced details of an innovative process to make solar photovoltaic cells capable of generating electricity directly from the sun's rays at 70 cents a watt.

STAR has achieved the cost reduction (most presently-available photovoltaic cells cost about \$10 a watt) by incorporating a unique yet simple cell design which raises the solar insulation to electrical production conversion efficiency above the 30 per cent level (about 10 per cent greater than any other cell so far developed) and by

designing the cell for easy mass-production. The company calls the cell a "micro-corduroy thin film" cell which can be made from either polycrystalline silicon or gallium arsenide. In cross-section, the cell lives up to its micro-corduroy description in that it is composed of a series of ridges and valleys. Up to 60 peaks and troughs are contained in every cell inch. The topography can be etched or pressed on to a thin glass base, made by Corning Glass, and each ridge slope is coated with semiconductor material giving them alternately cathode or anode characteristics. The base of each valley remains free of semiconductor to isolate each cathode from its adjacent anode. Each cell is then encased in a vacuum and exposed to sunlight. Photons in solar radiation reaching the cell are converted to electrons by the cathode semiconductors and a stream of electrons leap the valleys to be collected by the anodes. The electrons pass over the ridge peaks to the next cathode to be ejected to the next anode. In this way a cumulative electron flow develops and a continuous and increasing



voltage is generated and collected by the current outflow busbar. By encasing the cell in a vacuum, STAR technicians have developed a cell capable of forcing stray electrons back to the anodes. Electrons striking the underside of the coverplate give the plate a negative charge which repels further electrons and prevents current leakage. Current loss is also minimised by reducing connections between cells. Each STAR cell

has only two wiring connections at the current outflow and earth busbars—significantly less than earlier cells each no bigger than two inches in diameter, sawn individually from single crystals of silicon and wired together to form a photovoltaic array. The STAR approach is to grow a single cell up to one metre square with just the two connections. Since the cell has built-in current accumulation qualities, voltage is directly proportional to cell size. As a result, cells can be tailor-made, to suit individual generating needs—a flexibility which represents a stable advantage over other photovoltaic arrays encapsulated into standard output modules. So far, STAR has produced only laboratory test cells with six inch diameters, but computer analysis predicts that virtually nothing restricts the ultimate size of the cells once they go into mass-production. Before the company reaches that stage, however, STAR's research director, Bernard Addis, has one last hurdle to clear. He wants to raise conversion efficiencies further and is working on a method to coat the cells with germanium oxide to help the cells convert both ultraviolet and infra-red ranges of the light spectrum, in addition to the visible range, to electricity. Once this cessation deposition process is perfected, nothing, STAR believes, stands in the way of the cell achieving its predicted efficiencies. The confidence is shared by Richard Campbell, a senior research scientist at the Pacific Northwest Laboratories of Battelle. Having carefully analysed the cell, Campbell is particularly enthusiastic about the absence of wiring connections. These, he says, are the main source of current losses—losses which the STAR cell virtually eliminates. Marubeni has followed the progress of the STAR cell closely and considers the technology almost ready for the open market. If STAR and Marubeni agree on a contract, Marubeni could become the sole licensee for the technology in Asia. STAR intends to license a number of overseas companies to manufacture the cell abroad rather than build up an export production capacity at its U.S. facilities. With this in mind, Abbott has taken out patents on the cell in the UK, Belgium, Canada, France, Italy, West Germany, the Netherlands and Brazil and is seeking European partners to commercialise the technology in their respective markets. Those markets could be considerable, he adds, since the arrays could prove ideal for the residential sector. STAR arrays, he says, will generate three times as much power from an array a third the size of presently-available photovoltaic arrays. If the cell's performance lives up to these grandiose claims, Abbott will undoubtedly be fully satisfied with his investment in a technology originated at Cornell University in 1976 and developed without any financial support from the U.S. Government or from the oil companies—an unusual development pattern in an industry dominated by the multinationals and federal support grants.

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## Monitors for the small PABX

ALTHOUGH telephone monitoring systems came on to the market in the early 70s they were aimed at keeping an overall check on the many instruments connected to big PABXs. Users of individual telephones or small PABXs were not well served. Recently, however, Intercom Communications Systems of Slough (0753 70821) has decided to go after the rapidly increasing number of PABXs under-100 line exchanges now being installed by British Telecom at a rate believed to be in excess of 250 per month. Known as Telaccounter TCMs, the units need no special interface and plug directly into the exchange's V24 port. Details of their duration, origin and destination of telephone traffic are recorded automatically on inexpensive floppy discs. On command, the system assigns accurate costs to each call and provides summaries for budgetary control of telephone activity by date, time, department, extension, account, call duration, number called and any other pre-selected criteria. For the individual telephone line, Ansafone of Camberley, Surrey, has introduced Telcost. This is a compact unit measuring only 21 x 8 x 3 1/2 in containing keyboard, four-digit display and a small ticket-roll printer. It should be particularly useful where professionals such as solicitors and accountants have to allocate call charges to individual clients or projects. The display shows either the time of day or, if a call is in progress, the remaining cost. If call charges are up, the keyboard is used to re-program the machine. A built-in printer automatically records the date, time, number dialed, duration and total cost of each call. The machine also provides a security print-out at midnight with a summary of the day's calls, the number of units and the cumulative cost. Ansafone says that the machine is virtually tamper-proof because a print-out will always reveal if anything has been interfered with. More on 01-494 6202.

# What happened when the Shin Aitoku Maru unfurled her sails

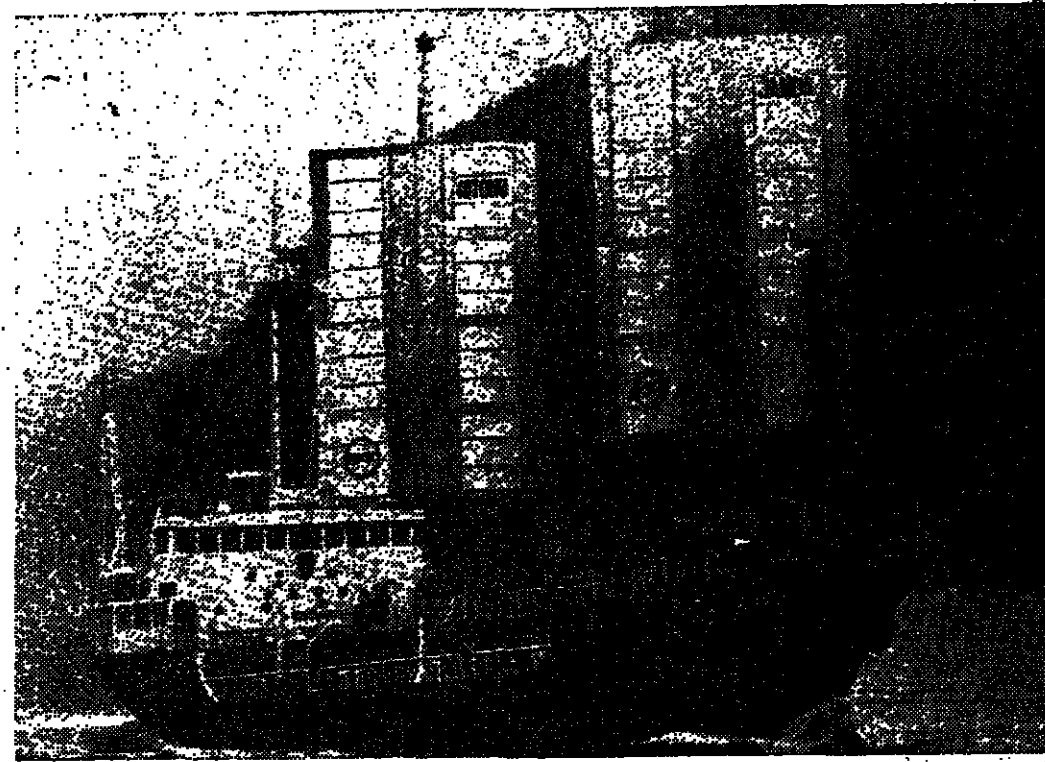
BY ANDREW FISHER, SHIPPING CORRESPONDENT

WITH HER two smoothly curved computer-operated sails, the Shin Aitoku Maru may not be everyone's idea of the cargo ship of the future. But this curious looking tanker has achieved sizeable fuel savings and performed sturdily in rough weather after more than a year in operation, its owners have now reported. The 1,600 deadweight tonne tanker was the world's first to use sails as an additional propulsive force to the main

engine. The two sets of sails are made of steel frames and canvas. Including hull improvements, the application of a slow revolution large diameter propeller, a high-efficiency main engine, use of exhaust heat, and the computerised sails, fuel savings of as much as 50 per cent have been obtained. The average saving produced from the sails alone averages around 10 per cent, depending on the wind. The ship has a crew of ten people and a service speed of 12 knots from the main diesel engine. Some ¥45m (over £100,000) has been saved on fuel, said Mr Yoshinori Fujiwara, president of Aitoku Company which owns the controversial Japanese ship. Even in strong winds and heavy seas in the China Sea, he added, she had no trouble. Its designers, the Nippon Kokan (NKK) shipbuilding and steel group, are now working on other types of vessels using sails. The views of Mr Fujiwara and others connected with the Shin

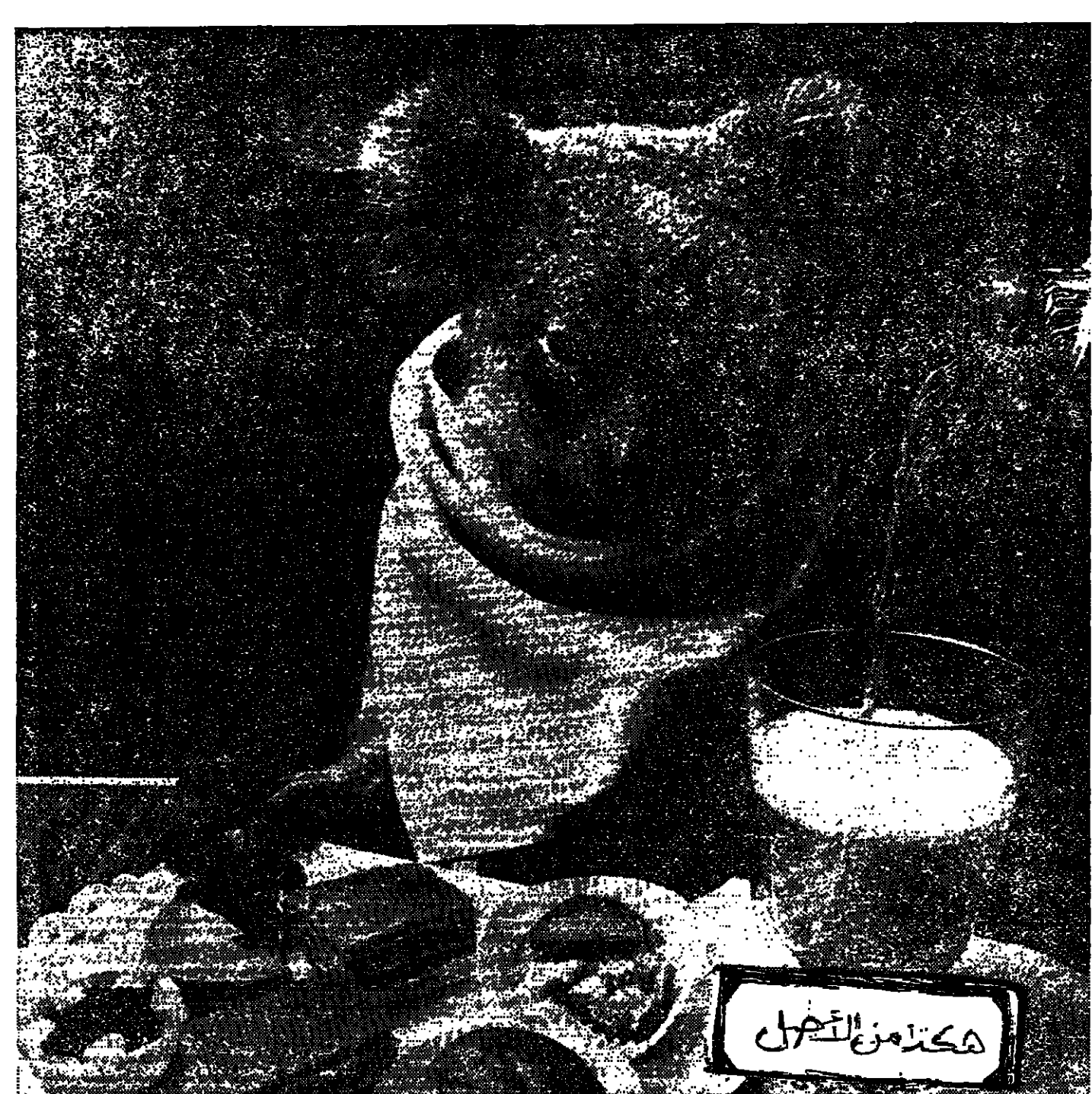
Aitoku Maru—built at the Imamura yard—were reported in the latest issue of Sea-Japan, published regularly by the Japan Ship Exporters' Association. It said that NKK had started work on plans for a new 35,000 dead weight tonne sail-equipped bulk carrier which would have a sail area of 3,400 square metres and be a large step up from the small Shin Aitoku Maru. NKK has four main aims in mind on this new development project: ● To cut the cost of the sails and linked equipment. ● To develop larger sails. ● To work out the optimum arrangement of the sails and cranes. ● And to achieve power gains of 10 to 15 per cent. The group has also, according to Sea-Japan, had inquiries from domestic and foreign shipowners for sail-equipped passenger ships, car ferries, chemical tankers, roll-on/roll-off cargo ships, and refrigerated carriers. Mr Noboru Hamada, presi-

dent to the Japan Marine Machinery Development Association (JAMDA), admitted that when he first brought up the idea of the sail-equipped ship, "the reaction of the industries concerned was generally not to pursue it too far." The performance data after over a year in service, he added, "show results far beyond my expectations." Her rolling and pitching in rough seas was fairly small, whether moving into or with the wind. When she ran into a typhoon near Taiwan last June, with winds of up to 30 metres a second and waves of six to 10 metres, the heeling range was never more than 2.5 degrees. The ship also managed to maintain headway in these conditions at slow speed. As for fuel consumption, this averaged 129.4 litres an hour or 11.72 litres per mile over a 20-day period last April covering 3,665 miles. This was at an average speed of 11.04 knots with main engine output of 833 horsepower.



The Shin Aitoku Maru at sea with sails in position; her owners claim sizeable fuel savings and sturdy performance after more than a year in operation.

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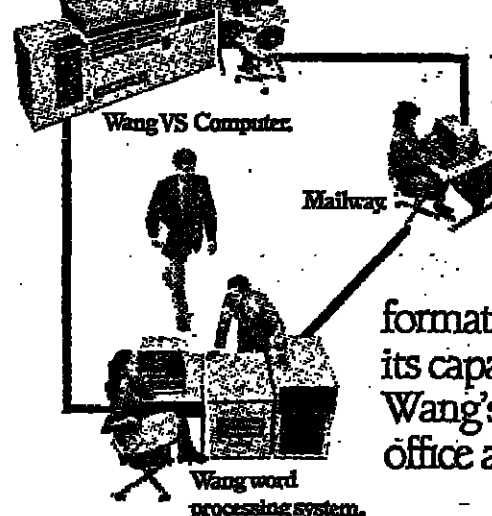
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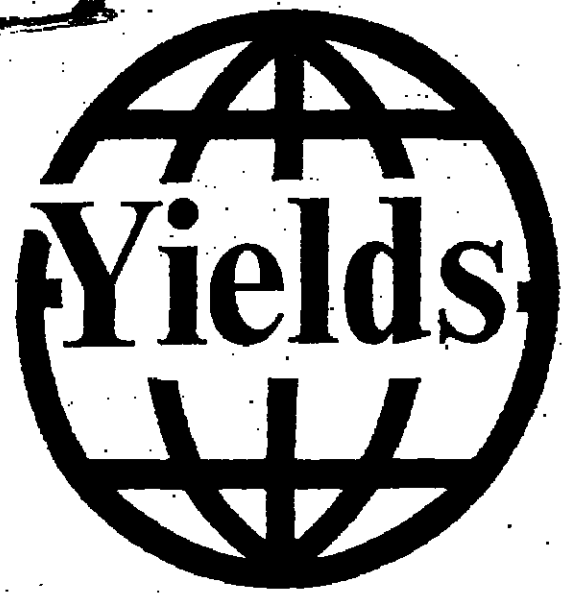
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FINANCIAL TIMES

Eurobond Quotations and Yields



The Association of International Bond Dealers

at 31st January 1982

Eurobonds in January

BY OUR EUROMARKETS STAFF

The Association of International Bond Dealers (AIIBD) compiles current market quotations and yields for Eurobond issues.

These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled from quotations obtained from market-makers on the last working day of each month.

There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers scattered across the world's major financial centres.

Membership of the AIIBD (which was established in 1969) comprises over 650 institutions from about 30 countries.

THE MOST prominent feature of the Eurodollar bond market in January was undoubtedly the popularity of zero-rated coupon issues.

A sudden rush started in the second week, with seven zero coupon issues for major U.S. companies.

Salomon Bros. led the way with a nominal \$250m issue for General Motors Acceptance Corporation (GMAC), which was closely followed by similar large amounts for Arco, PepsiCo, Wells Fargo, Caterpillar Tractor,

Beneficial Overseas Finance, and then a second issue in the same week for GMAC, this time for \$150m.

Despite fears that the market would not be able to absorb all the zero coupon paper, 12 more new zero coupon issues were launched during the rest of the month. A \$300m zero bond for Sears Roebuck, through Daiwa Securities, was increased shortly after its issue to \$400m.

And Gaz de France became the first non-U.S. borrower to launch a zero coupon bond, with

Credit Commercial de France as the lead manager.

Altogether, the total face value of these issues was around \$5bn, giving an actual amount to be raised of \$1.4bn.

The reason for the popularity of such paper is not hard to find. A zero coupon issue is priced at a deep discount because no annual interest is paid.

This guarantees a large capital gain and makes such a bond an attractive proposition for those investors who are

thereby able to reduce income tax obligations.

Much of the paper appears to have been placed outside Europe, most notably in Japan, where the tax laws make them particularly attractive at the moment.

Zero coupons were not the only novel feature to hit the bond market in January. At the beginning of the month Japanese borrowers began to return to the Eurodollar sector in large numbers, especially with convertibles.

But there was now also a fashion for a new kind of issue for Japanese companies in this market. This was the bond with detachable warrants to purchase equity.

Mitsubishi Chemical was the first in the field to present such an offer, through its lead managers Morgan Stanley and Yamaichi. Following the success of this, another \$50m bond with warrants was launched for C. Itoh through Nikko Securities and Morgan Guaranty.

Later in the month a similar \$50m issue was announced for Toray Industries, the synthetic fibres and chemicals group, by lead managers S. G. Warburg and Nomura.

An unusual issue bearing warrants also appeared in this sector. This was for Swedish Export Credit, and was arranged by Morgan Guaranty and launched on January 20, was a

\$75m floating rate note combined with free standing warrants to purchase \$112.5m of eight-year bonds at 4 1/2 per cent.

Zero coupon offers and Japanese convertibles so dominated the primary Eurodollar market during the first half of the month that it was only when

Dollar issues, which had been large in December, again continued at a high level in January.

With their high coupons they attracted considerable interest, but by the second week of the month there were signs that the market was becoming saturated.

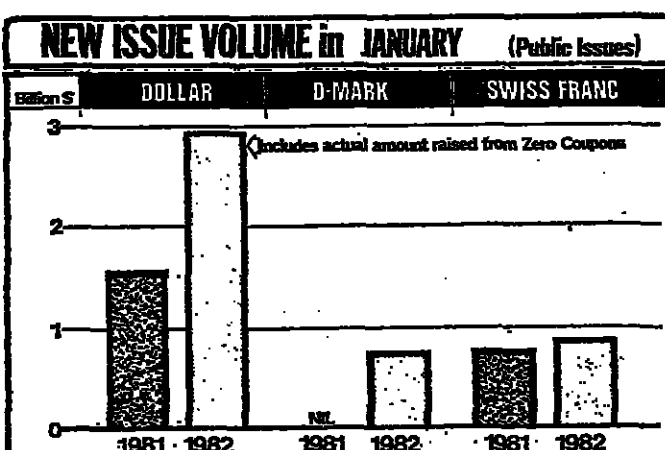
The new calendar, set on January 11, although not as large a volume as the record set for the December through to January period, still included over DM 1bn of new paper for the month.

As in the Eurodollar sector, a large number of Japanese borrowers also appeared in the Swiss franc foreign bond market, mainly as private placement convertible issues.

Towards the end of the month so many of these issues had been launched in this sector that there was a growing concern that a similar fate could befall them here as had happened in the dollar market last year. At that time saturation of the market led to a slump in prices, followed by the absence of Japanese convertibles altogether for some time.

In the secondary markets, prices of fixed interest Eurodollar, D-mark and Swiss franc issues drifted during the first half of the month as traders sought a new level for the beginning of the year.

Six-month Eurodollar interest rates rose by 1/2 per cent during the month, while both the D-Mark and Swiss franc six-month rates fell by 1/4 per cent. Despite this variation, prices in all three sectors, while fluctuating on a daily and even weekly basis, were, at the month's end, generally unchanged.



CSFB announced the \$50m 16 1/2 per cent seven-year issue for Arizona Public Service on January 18 that the market received its first fixed-interest non-convertible issue of the year. The demand for such high coupon paper was obviously there, however, and the amount was soon increased to \$60m and then again to \$75m. The volume of Canadian

As a result one issue, a C\$50m 16 1/2 per cent bond for Canadian Pacific Enterprises, was withdrawn.

In the D-Mark foreign bond sector the DM 185m issue for the European Coal and Steel Community, which appeared in the December calendar, finally emerged in the first week of January, through Deutsche Bank.

CONTENTS GROUP HEADINGS PAGE GROUP HEADINGS PAGE GROUP HEADINGS PAGE

COMPILED FOR THE ASSOCIATION OF INTERNATIONAL BOND DEALERS BY DATASTREAM INTERNATIONAL LTD

Wood Gundy Limited advertisement: In 1981 we managed or co-managed 54 issues in the Euromarket totalling more than \$4.3 billion. Lists various bond issues and company details.

Kidder, Peabody Securities Limited advertisement: Market Makers in Euro-Securities. Lists contact information and services offered.



Main table of financial data with columns for country, company name, price, and other financial metrics. Includes sections for US Dollars-Canada, US Dollars-UK, and US Dollars-France.

Continuation of the financial data table, including sections for US Dollars-Japan, US Dollars-Hong Kong, and US Dollars-Portugal.

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Main table containing financial data for various companies and markets, including columns for company names, prices, and market indicators.

Continuation of the financial data table from the previous section, listing various market instruments and their corresponding values.



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Table with columns: Issuer, Maturity, Price, Yield, etc. Includes entries for ADELA 78/83, ADELA 77/82 PP, Africa Dev. Bank 78/86, etc.

Table with columns: Issuer, Maturity, Price, Yield, etc. Includes entries for EEC 78/83, Electr. de France 80/88 PP (G), Electrobra 77/87 (G), etc.

Table with columns: Issuer, Maturity, Price, Yield, etc. Includes entries for Light Services 78/86 (G), Light Services 80/80 (G), Lorraine Intem. 80/87 (G), etc.

WestLB SD Certificates (Schuldschein-Index)  
5 years maturity: 9.90%

Table listing WestLB SD Certificates with columns: Issuer, Maturity, Price, Yield, etc. Includes entries for Banco N. Obris 77/86 (G), Banco N. Obris 77/82 PP (G), etc.

WestLB Euro-Deutschmarkbond Quotations and yields

Table listing WestLB Euro-Deutschmarkbond Quotations and yields with columns: Issuer, Maturity, Price, Yield, etc. Includes entries for Hazama-Gumi 80/85 FF, Hidroelectr. Ibero 80/90, etc.

WestLB Euro-Deutschmarkbond Yield Index

Table listing WestLB Euro-Deutschmarkbond Yield Index with columns: Issuer, Maturity, Price, Yield, etc. Includes entries for Rioch Comp. 78/83, Roy. Bk. of Canada 80/90, etc.

WestLB logo and contact information for current prices and further information call. Includes addresses for Düsseldorf, London, and Luxembourg.

Westdeutsche Landesbank Girozentrale

Table listing Westdeutsche Landesbank Girozentrale leading marketmakers in Eurobonds with columns: Issuer, Maturity, Price, Yield, etc.

WestLB Euro-Deutschmarkbond Yield Index

Jan. 29, 1982: 10.23% (Dec. 31, 1981: 10.33%)

Table listing WestLB Euro-Deutschmarkbond Yield Index with columns: Issuer, Maturity, Price, Yield, etc. Includes entries for Rioch Comp. 78/83, Roy. Bk. of Canada 80/90, etc.



ISIN	DESCRIPTION	CURRENCY	PRICE	YIELD	TERM
00 1000 0000	CONVERTIBLES-AUSTRIA	...	...	...	...
00 1000 0000	CONVERTIBLES-BELGIUM	...	...	...	...
00 1000 0000	CONVERTIBLES-CANADA	...	...	...	...
00 1000 0000	CONVERTIBLES-DENMARK	...	...	...	...
00 1000 0000	CONVERTIBLES-FRANCE	...	...	...	...
00 1000 0000	CONVERTIBLES-GERMANY	...	...	...	...
00 1000 0000	CONVERTIBLES-ITALY	...	...	...	...
00 1000 0000	CONVERTIBLES-JAPAN	...	...	...	...
00 1000 0000	CONVERTIBLES-NETHERLANDS	...	...	...	...
00 1000 0000	CONVERTIBLES-SPAIN	...	...	...	...
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**WestLB Euro-Deutschmarkbond Quotations (Continued)**

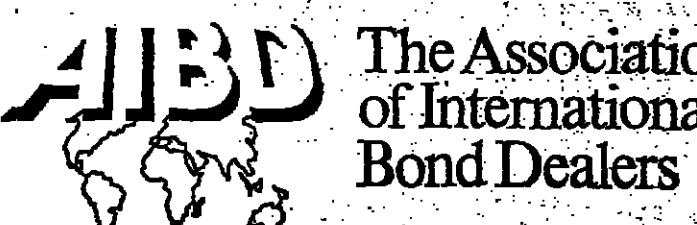
Issue	Maturity	Current Yield	Yield to Maturity	Life*	Secondary Issuance - Drawings by % at par - Sinking Fund - % per annum
8% Statoil 78/88 (G)	84.26	7.12	8.29	6.59	1.94-88S
8% Statoil 79/88 (G)	84.50	7.51	9.17	7.09	1.38-88S
8% Statoil 80/88 (G)	84.75	7.90	9.62	7.58	1.38-88S
8% Statoil 81/88 (G)	85.00	8.29	10.07	8.07	1.38-88S
8% Statoil 82/88 (G)	85.25	8.68	10.52	8.56	1.38-88S
8% Statoil 83/88 (G)	85.50	9.07	10.97	9.05	1.38-88S
8% Statoil 84/88 (G)	85.75	9.46	11.42	9.54	1.38-88S
8% Statoil 85/88 (G)	86.00	9.85	11.87	10.06	1.38-88S
8% Statoil 86/88 (G)	86.25	10.24	12.32	10.55	1.38-88S
8% Statoil 87/88 (G)	86.50	10.63	12.77	11.04	1.38-88S
8% Statoil 88/88 (G)	86.75	11.02	13.22	11.53	1.38-88S
8% Statoil 89/88 (G)	87.00	11.41	13.67	12.02	1.38-88S
8% Statoil 90/88 (G)	87.25	11.80	14.12	12.51	1.38-88S
8% Statoil 91/88 (G)	87.50	12.19	14.57	13.00	1.38-88S
8% Statoil 92/88 (G)	87.75	12.58	15.02	13.49	1.38-88S
8% Statoil 93/88 (G)	88.00	12.97	15.47	13.98	1.38-88S
8% Statoil 94/88 (G)	88.25	13.36	15.92	14.47	1.38-88S
8% Statoil 95/88 (G)	88.50	13.75	16.37	14.96	1.38-88S
8% Statoil 96/88 (G)	88.75	14.14	16.82	15.45	1.38-88S
8% Statoil 97/88 (G)	89.00	14.53	17.27	15.94	1.38-88S
8% Statoil 98/88 (G)	89.25	14.92	17.72	16.43	1.38-88S
8% Statoil 99/88 (G)	89.50	15.31	18.17	16.92	1.38-88S
8% Statoil 00/88 (G)	89.75	15.70	18.62	17.41	1.38-88S
8% Statoil 01/88 (G)	90.00	16.09	19.07	17.90	1.38-88S
8% Statoil 02/88 (G)	90.25	16.48	19.52	18.39	1.38-88S
8% Statoil 03/88 (G)	90.50	16.87	19.97	18.88	1.38-88S
8% Statoil 04/88 (G)	90.75	17.26	20.42	19.37	1.38-88S
8% Statoil 05/88 (G)	91.00	17.65	20.87	19.86	1.38-88S
8% Statoil 06/88 (G)	91.25	18.04	21.32	20.35	1.38-88S
8% Statoil 07/88 (G)	91.50	18.43	21.77	20.84	1.38-88S
8% Statoil 08/88 (G)	91.75	18.82	22.22	21.33	1.38-88S
8% Statoil 09/88 (G)	92.00	19.21	22.67	21.82	1.38-88S
8% Statoil 10/88 (G)	92.25	19.60	23.12	22.31	1.38-88S
8% Statoil 11/88 (G)	92.50	19.99	23.57	22.80	1.38-88S
8% Statoil 12/88 (G)	92.75	20.38	24.02	23.29	1.38-88S
8% Statoil 13/88 (G)	93.00	20.77	24.47	23.78	1.38-88S
8% Statoil 14/88 (G)	93.25	21.16	24.92	24.27	1.38-88S
8% Statoil 15/88 (G)	93.50	21.55	25.37	24.76	1.38-88S
8% Statoil 16/88 (G)	93.75	21.94	25.82	25.25	1.38-88S
8% Statoil 17/88 (G)	94.00	22.33	26.27	25.74	1.38-88S
8% Statoil 18/88 (G)	94.25	22.72	26.72	26.23	1.38-88S
8% Statoil 19/88 (G)	94.50	23.11	27.17	26.72	1.38-88S
8% Statoil 20/88 (G)	94.75	23.50	27.62	27.21	1.38-88S
8% Statoil 21/88 (G)	95.00	23.89	28.07	27.70	1.38-88S
8% Statoil 22/88 (G)	95.25	24.28	28.52	28.19	1.38-88S
8% Statoil 23/88 (G)	95.50	24.67	28.97	28.68	1.38-88S
8% Statoil 24/88 (G)	95.75	25.06	29.42	29.17	1.38-88S
8% Statoil 25/88 (G)	96.00	25.45	29.87	29.66	1.38-88S
8% Statoil 26/88 (G)	96.25	25.84	30.32	30.15	1.38-88S
8% Statoil 27/88 (G)	96.50	26.23	30.77	30.64	1.38-88S
8% Statoil 28/88 (G)	96.75	26.62	31.22	31.13	1.38-88S
8% Statoil 29/88 (G)	97.00	27.01	31.67	31.62	1.38-88S
8% Statoil 30/88 (G)	97.25	27.40	32.12	32.11	1.38-88S
8% Statoil 31/88 (G)	97.50	27.79	32.57	32.60	1.38-88S
8% Statoil 32/88 (G)	97.75	28.18	33.02	33.09	1.38-88S
8% Statoil 33/88 (G)	98.00	28.57	33.47	33.58	1.38-88S
8% Statoil 34/88 (G)	98.25	28.96	33.92	34.07	1.38-88S
8% Statoil 35/88 (G)	98.50	29.35	34.37	34.56	1.38-88S
8% Statoil 36/88 (G)	98.75	29.74	34.82	35.05	1.38-88S
8% Statoil 37/88 (G)	99.00	30.13	35.27	35.54	1.38-88S
8% Statoil 38/88 (G)	99.25	30.52	35.72	36.03	1.38-88S
8% Statoil 39/88 (G)	99.50	30.91	36.17	36.52	1.38-88S
8% Statoil 40/88 (G)	99.75	31.30	36.62	37.01	1.38-88S
8% Statoil 41/88 (G)	100.00	31.69	37.07	37.50	1.38-88S

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Quotations & yields as at 31st January, 1982

SOCIETE GENERALE DE BANQUE									
BANQUE GENERALE Du LUXEMBOURG									
Funds	Price	First Price	Yield %	Div. Date	1/1/82 High	31/1/82 Low	12/79 High	31/1/82 Low	31/1/82 High
Capital	100.00	100.00	9.72	20/11/81	100.00	100.00	100.00	100.00	100.00
Retinvest	100.00	100.00	9.72	20/11/81	100.00	100.00	100.00	100.00	100.00
Capital	100.00	100.00	9.72	20/11/81	100.00	100.00	100.00	100.00	100.00
Retinvest	100.00	100.00	9.72	20/11/81	100.00	100.00	100.00	100.00	100.00



**MARKET MAKERS**

REGION 1 - BELGIUM	REGION 2 - FRANCE	REGION 3 - GERMANY/AUSTRIA	REGION 4 - ITALY	REGION 5 - LUXEMBOURG	REGION 6 - NETHERLANDS	REGION 7 - NORDIC	REGION 8 - SWITZERLAND	REGION 9 - UNITED KINGDOM	REGION 10 - UNITED STATES
Debey, Sebille, Servais Kredietbank N.V.	Banque Arabe et Internationale d'Investissement (B.A.I.I.) Banque de l'Union Europeenne Banque Nationale de Paris Credit Commercial de France Paris Credit Lyonnais Banque NYM-Intanion	Commerzbank AG Deutsche Bank AG Westdeutsche Landesbank Girozentrale Creditanstalt Bankverein Girozentrale und Bank der Osterreichischen Sparkassen AG	Banca Commerciale Italiana Milan Banca Ambrosiana S.p.A. Banca di Roma Credito Italiano Istituto Bancario Italiano Istituto Bancario San Paolo di Torino	Banque Generale de Luxembourg S.A. Banque Internationale a Luxembourg S.A. Bayerische Landesbank International S.A. Deutsche Bank Luxembourg S.A. Kredietbank S.A. Luxembourg Swiss Bank Corporation (Luxembourg)	H. Albert de Bary & Co. N.V. Alpenbank Bank Nederland N.V. Amsterdam-Rotterdam Bank N.V. Bank Moes & Co. Banque van der Hoeve, Oubers N.V. Centrale Rabobank Utrecht Bank van der Hoeve, Oubers N.V. Bank Morgan Labouchere N.V. F. van Lanschot Nederlandse Middenstandsbank N.V.	Medanbank N.V. Ottavanger Effectenbank B.V. Pison, Holding & Pison Sjælland, Orens & Van Eeghen N.V.	Bank of Helvetic Ltd (Helfabank Aktiengesellschaft) Bergon Bank Christiane Bank und Kreditanstalt Dan nombe Creditbank Den Danske Bank of 1871 Aktiengesellschaft R. Henriques Jr. Bank Aktiengesellschaft Kansallai-Osake-Pankki Kjøbenhavn Handelsbank Postipankki Privatbanken Aktiengesellschaft Svenskiska Enskilda Banken Stockbank Sparbankens SDB Union Bank of Finland (Nordiska) Foreningsbanken (AS) Union Bank of Norway	Bankers Trust International Ltd. Bank of America International Ltd. Bankers Trust International Ltd. Ryth Eastman Faine Webber Ltd. Chase Manhattan Ltd. Chemical Bank International Ltd. C.I.B.C. Ltd. Citicorp International Bank Ltd. Continental Illinois Ltd. Credit Commercial de France (Securities) Ltd. Credit Suisse First Boston Ltd. Danava International Delta Europe Ltd. Deutsche Bank Aktiengesellschaft Deutsche Bank Aktiengesellschaft Dillon, Read & Co. Inc. Domestic Securities Corporation Domeniconi, Lufkin & Jenrette International European Banking Company Ltd. First Chicago Ltd. Robert Fleming & Co. Goldman Sachs International Corp.	Amhold & S. Bechtel Ltd. Bear Stearns & Co. Drexel Burnham Lambert Ltd. First Boston Corporation Kidder, Peabody & Co. Inc. Lehman Bros. Inc. Morgan Guaranty Trust Co. Morgan Stanley Smith Barney Salomon Brothers Atlantic Capital Corporation







# THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

## A key to 'quality' in working life

The DoE's Work Research Unit has attracted support on both sides of industry. Brian Groom reports

OLIVER TYNAN insists that a growing number of British employers are seeking ways to improve the job satisfaction of their members, in spite of the recession.

It seems a strange assertion, at a time when some workers accuse managements of forcing through unpalatable changes in working practices. Tynan, director of the Department of Employment's Work Research Unit, concedes that companies with their backs to the wall are driven to extreme measures.

"Some feel it's no good consulting—they've got to do something quickly. The decisions are so uncomfortable that they had better take them themselves and just take the consequences."

Many companies are not in such a bad way he says. They are, nonetheless, faced with "unpredictable, penetrating, large change" in technologies and markets, and are increasingly recognising that providing job satisfaction for their workers is a way of winning their co-operation in necessary changes.

### Frosty

Oliver Tynan has a vested interest in ensuring that this is the case, since he heads a unit whose aim is "to increase the number of organisations that are successfully implementing changes to improve the quality of working life of the people employed in them."

The "quality of working life" essentially comprises the design of jobs, overall organisation of work, and permanent methods of consultation and participation.

The seven-year-old Work Research Unit (WRU) is one area where tripartism thrives, in spite of the frosty relations between government and unions. It is overseen by the Tripartite Steering Group on Job Satisfaction, and Tynan

### DO'S AND DON'TS OF JOB DESIGN

#### Tasks should:

- combine to form a coherent job
- contribute significantly to the finished product
- provide variety in methods
- provide feedback on performance
- allow the use of discretion
- carry responsibility
- be controlled by the worker

#### Tasks should not:

- be paced
- be short-cycle
- fail to use the skill and potential available
- create deprivations
- prevent people having a real say in what affects their work

insists that both trade union and employers' representatives on it offer enthusiastic support for the unit's work.

The work consists of: providing information; publishing papers; organising conferences; monitoring "good practice"; and providing practical help and advice to managers, trade unionists and organisations. It has 13 professional officers and a back-up of professional staff.

When the unit assists a company, it is rarely prescriptive. Unlike a management consultancy, it will point to options rather than propose firm solutions. Its services are free.

The WRU's origins lie in the early 1970s, when some British companies were experimenting with American or home-grown ideas which went under titles like "job enrichment" or the "socio-technical approach". Against a background of international developments, pressure grew for government action.

The Tripartite Steering Group was set up in 1973, and the WRU a year later.

Its early thrust was in research, particularly into the methods by which principles of work structure and organisation might be put into practice. Many eyes, not just the WRU's, were on company developments in the 1960s and early 1970s.

Examples included:

- Shell UK's establishment of teams of workers with inter-

changeable skills at its Tees port refinery. Their job satisfaction was high, and the success of their broad training made them choice recruits for in-company promotion and jobs overseas.

● ICI's experiment with giving greater discretion to a group of sales representatives, allowing them to decide when to visit customers, or whether to pass on information to their superiors; allowing them to make immediate settlements of up to £100 in cases of customer complaint; and giving them a discretionary range of about 10 per cent on prices. Their sales rose 18.8 per cent over the same period the previous year, compared with a 5 per cent decline in those of a control group using established, supervised methods.

Around 1979 the unit's emphasis switched to practical work, in particular the opportunities which greenfield sites and the introduction of new technology offer for improving job design and work organisation. This coincided roughly with the arrival of Oliver Tynan on secondment from his job as manager of personnel projects and planning at BL for an initial three-year period.

Now the WRU deals with some of the biggest private and public sector names. Its argument is that workers should have varied, coherent, respon-

sible jobs over which they have a high degree of control. There should be clear consultative arrangements for introducing changes by participation.

The benefits for workers are self-evident. For employers, Tynan argues, the main benefit is that a satisfied worker is a co-operative one. Enterprises can gain better quality output, reduced absenteeism, lower staff turnover, and higher productivity.

Both the unit's academic-sounding name and its apparently employee-biased aim to improve "the quality of working life" put some companies off. But those who have had direct dealings with the WRU are generally complimentary.

Problems of absenteeism and labour turnover were initially the most common reasons why organisations approached the WRU for help. But the introduction of new technology has overtaken them.

New technology is a controversial area, producing great fear among workers of losing their jobs. But the unit insists it rarely comes across intractable Luddism.

### Failsafe

The tripartite nature of the organisation makes it more acceptable to workers. Many WRU officers have industrial management or research backgrounds, but some come from the unions.

"The most common failure we encounter is a failure to consult one group of workers," says Oliver Tynan.

Often, the group not consulted is the one which will operate the new equipment or systems being introduced. "One big chemical plant will carry an extra man throughout its life because it built a failsafe system with one valve at the top of a distillation column and one at the bottom. They have to be turned off at once, which

only a man with 180 foot arms could do on his own. That resulted from failure to consult the operators," Tynan says.

Sometimes job satisfaction can be improved by a simple change in equipment design—such as introducing video display units with detachable keyboards for staff who need desk space. At other times it involves overhauling a company's entire machinery for employee consultation—although the unit tries to avoid mainstream industrial relations problems.

Tynan admits to failures. Occasionally a major disruption such as a pay dispute wrecks delicate attempts to improve consultation. The most successful WRU interventions are those which leave an organisation better able to help itself.

The monitoring programme is seen as equally important, encouraging "good practice" by publicising examples of it. North America and Scandinavia still lead the field in developments in the quality of working life, but Tynan insists there is much unsung good practice in the UK.

The WRU is wary of concepts which would suddenly become fashionable in the UK, such as Japanese quality circles. "There are companies picking up an idea and slapping it on. It can be dangerous," says Tynan. The concept may be useful, but he prefers to emphasise ideas suited to individual organisations and which arise from discussion between their members.

Tynan concedes that a vast number of companies have yet to change their ways, and that the recession is causing problems. "A lot of managers don't consult. But you won't get the efficiency changes you've planned if you don't take into account the human aspect."

The impetus for improvement in the quality of working life is almost always economic rather than philanthropic. But its result is often the reduction of monotony and stress.



Oliver Tynan: "a satisfied worker is a co-operative one"

## Towards U-topia in the TV factory

TWO YEARS ago Thorn Consumer Electronics, the TV and audio subsidiary of Thorn EMI, began to see light at the end of the dark tunnel into which the British television industry had disappeared in 1974.

With the replacement market for colour television sets likely to start growing from mid-1980, Thorn had come up with its new TX range, which it believed could be the most advanced in the world in terms of picture quality and its small number of components.

After a boom in the early 1970s, Thorn had closed plants against a background of a contracting market, overcapacity in the UK, growing imports from the Far East, and increasing competition with Japanese operators setting up in Britain. Now it could see a chance of improvement.

Thorn planned to put in four new production lines at its Enfield factory in north London, which was to make the large-screen TX10 set. Jim Donovan, then personnel manager at the plant and now the company's divisional personnel manager, recommended that the advice of the Work Research Unit be sought. Donovan was an old acquaintance of Oliver Tynan, the WRU's director, and an admirer of his philosophy.

The problem Donovan saw was one of quality, an

observation with which the WRU agreed. The existing linear production lines meant that assemblers and testers were in different parts of the factory. Although the assemblers did not deliberately do bad work, they were paid by volume and regarded quality as the testers' worry.

"There was a danger that we were going to make the same mistakes again," says Donovan. After initial reluctance from some managers who wanted to get the new lines in quickly, Tynan and two colleagues were invited in to explain their ideas to management, supervisors and unions.

The idea that workers should be consulted on decisions regarding job organisation was already established at Enfield by means of a monthly works conference.

The most tangible result of the unit's involvement at Thorn was a U-shaped production line, which resulted from discussions with the production engineers. It was adopted for the four new TX lines, where its aim was to increase awareness of quality by putting assemblers and testers closer together as a team.

There were initial problems with the new lines, completed just over a year ago. The proximity of the two functions meant that fewer supervisors were needed, and there were job losses among

them—the kind of controversial issue even a tripartite body like the WRU cannot avoid. And retaining was needed for some remaining supervisors.

But Thorn has improved its performance on its colour TV side, both on sales and on production. The reject rate at the earliest test stage on TX10 lines at Enfield has been cut by more than half. It is impossible to quantify how much of this is a result of the U-shape. Better product design and a greater use of automatic insertion techniques account for a good deal of it, and a quality bonus has been introduced.

"My subjective view is that quality is substantially better than it would have been if we hadn't invited the Work Research Unit in," says Donovan.

The benefits for workers in this instance have not been dramatic. Assemblers make a greater contribution to the quality of the product, and some exchange and goodwill has been established between them and the testers which have been lacking.

But they must be seen in the context of other developments. Steps have been taken to improve the environment at the Enfield factory, and operators will be given increased control over the speed of their work when the four production lines are replaced this year.

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Monday February 15 1982

## A COMMODITY TEST CASE

# The battle for the tin market

By John Edwards, Commodities Editor

## Hard choices in Brussels

THE European Commission's farm price proposals, which go before the agriculture ministers today, represent a small step in the direction of trying to get a grip on the costs of surplus production in the Community. But against the background of the row brewing over Britain's budgetary contributions, it is too small a step to have any significant effect on the costs of common agricultural policy for many years, and bids fair to make that row much worse.

The Commission's general ideas for reforming the common agricultural policy, published last summer, were long on general aspirations but short on specifics. Now that its ideas have been given concrete form in this year's price proposals, it is clear that cowardice and conservatism have prevailed as usual.

### Agitating

At a general level of 9 per cent for most products, the price-increase element in the package is by itself not all that unreasonable. In recent years, farm prices have failed to keep up with inflation, with the result that farm incomes have been falling in real terms. Even though 9 per cent would be the biggest increase for some time, it would still be below the average level of inflation forecast for this year in the Community.

The trouble is that 9 per cent is only the starting point for the negotiations. The farming lobbies are agitating for a much higher figure, and it is a fair bet that bargaining in the Council of Ministers will add several points to the Commission's figure.

Moreover, the parallel proposals for getting to grips with the Community's structural surpluses are exceedingly limp. Milk production is already about 20 per cent larger than consumption, and productivity is increasing all the time; disposal of the surplus accounts for about 30 per cent of the farm budget, and the imposition of the so-called "co-responsibility levy" — a 2.5 per cent tax — has entirely failed to deal with the problem of over-production. Yet the Commission can do no more than offer to make proposals to offset the additional costs if output goes more than 0.5 per cent above last year's levels. On its own calculations, the Commission already expects output to rise 1.5 per cent this year.

## Transport policy off the rails

NEARLY two months have elapsed since the Law Lords handed down their view that the level of subsidy being provided to London Transport by ratepayers through the Greater London Council was illegal. The fact that the judgment was an unsatisfactory interpretation of an ineptly drafted piece of legislation — the Transport (London) Act, 1968 — is irrelevant. The Law Lords are the final arbiters of our statutes. Their judgment at least underlined the fact that new legislation is needed to sort out the tangle of public urban transport policy.

### Dreams

So far only three results have ensued: London Transport fares will be doubled on March 21; Greater London Council rate bills will be doubled in April; and Mr David Howell, Transport Secretary, is still trying to score political points against the GLC rather than proposing any sensible reform.

Urban transport systems which break even or make profits are the stuff of dreams. City after city around the world has found that modern and reliable train and bus systems on which commuters are prepared to travel require subsidy. Even after the GLC's cheap fares scheme was launched, London Transport had a lower level of subsidy than any other public transport network in a Western capital city.

### Struggle

Now fares are to increase sharply, services will be reduced, fewer buses will struggle through more and more private car congestion. This would be bad enough if a modern road system were taking the strain; it becomes a nightmare on the mixture of lanes and bottle-necks which is London. Any solution will involve subsidy, Sir Peter Masefield, London Transport chairman, advocates a £1 of subsidy (instead of 25p) for every £1 of revenue and proposes that control of the system should be shifted from the GLC to the Transport Department.

Our view remains that a wider approach is needed

HIGH STAKES are involved in the current battle being waged in the world tin market. On a financial level, an estimated \$350m has already been spent in pushing tin prices to a record level during a period of industrial recession. So a large amount of money is at risk.

But other, more far-reaching, issues are also involved: ● the possible emergence of a tin producers' cartel (dubbed "Tinpac") that might set the pattern for other commodity cartels; ● a confrontation that could lead to the demise of the oldest surviving inter-governmental commodity pact, the International Tin Agreement; ● the breakdown of moves to stabilise commodity prices, by agreements between producing and consuming countries. This would jeopardise what remains of the North-South dialogue between the Third World and industrialised nations; ● disruption of the tin, and possibly other metal, markets with long-term consequences for the production and cost of tin-plate, food and beverage cans. If the present price levels are sustained many companies may well decide they can cut tin usage dramatically.

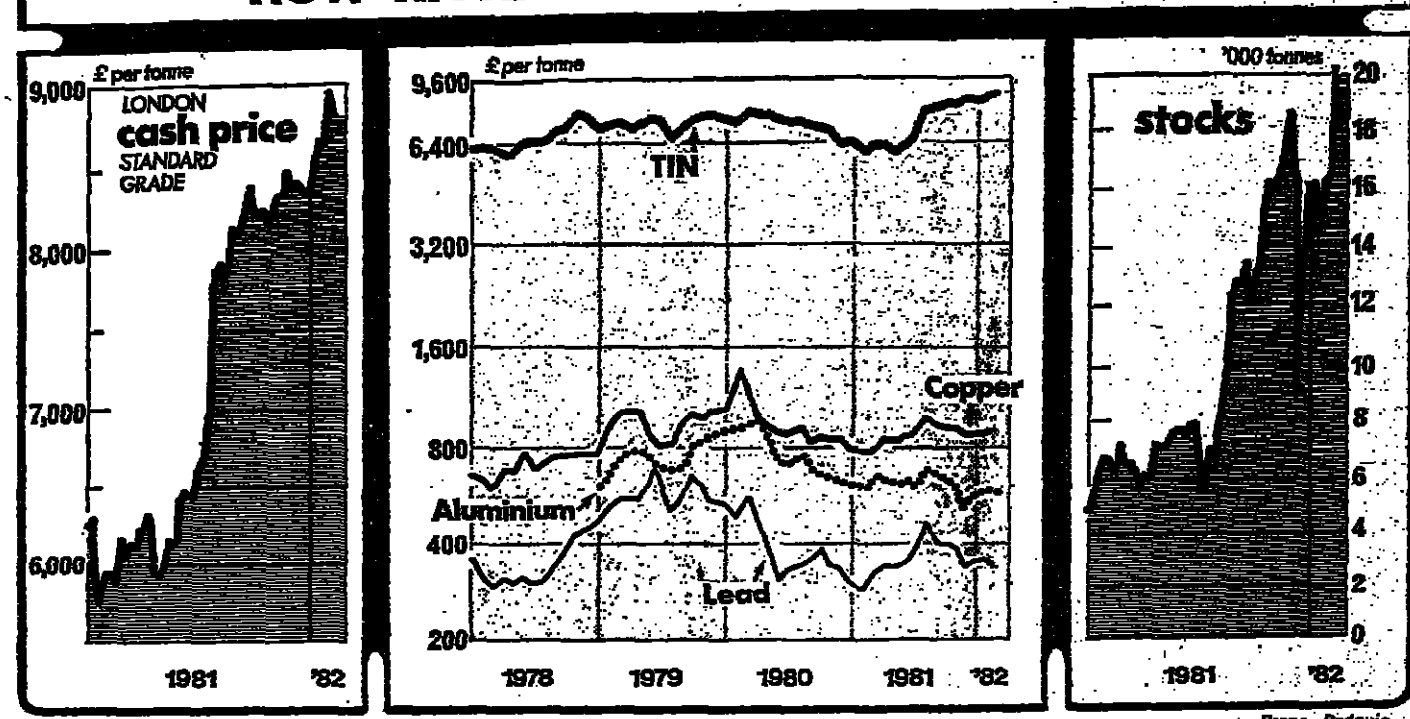
The root of the crisis, which is now reaching its head, is that the world tin market has been manipulated since last July by an unidentified buying group. This group has bought up all the world's surplus tin and is holding these supplies off the market. As a result the shortage of tin is an artificial one. This distortion is threatening the whole structure of the world's tin markets, and in particular the London Metal Exchange which provides the only futures market for tin.

Faced with a dangerous situation that could still lead to a suspension of trading, the London Metal Exchange finally decided earlier this month to act. It set a limit on the premium sellers could be forced to pay to meet their commitments, by imposing a maximum premium of £120 a tonne that can be charged for cash tin for delivery the following day.

An inquiry by the Metal Exchange into the positions held by member companies dealing in tin, revealed a distinct danger that sellers, who had contracted to deliver tin on various dates in February, (especially on the 25th and 26th) might only be able to get the tin required to honour these contracts from the mysterious buying group which holds the bulk of world supplies. The group could, therefore, be in a position to charge whatever premiums it might demand for supplying the sellers' needs.

As Rowntree's, the British confectionery group, discovered when it lost £32m in the cocoa futures market in the early 70s, the sky is the limit that can be charged to those unfortunate enough to be "short" (that is, having to meet delivery commitments pledged to be honoured on a particular date). In the case of the Metal Exchange, trading is on a daily

## HOW TIN HAS GONE OUT ON ITS OWN



basis for up to three months ahead. The market has to be "square" sales matching purchases at the end of each day. But when supplies are either in surplus or shortage, adjustments are made by carrying over sale or purchase commitment to a later date. In some cases this does involve the payment of premiums.

In recent weeks, because the buying group holds most of the available supplies, these premiums have increased to large sums per tonne. As a result the cash price has moved to a substantial premium over the price paid for tin to be delivered in three months time.

This is fair enough when there is a shortage. But International Tin Council estimates suggest that world production of about 300,000 tonnes exceeded demand in 1981 by at least 20,000 tonnes, and it is calculated that current surplus stocks available, and held by the group, are between 40,000 to 50,000 tonnes.

Holdings in the Metal Exchange warehouses in Europe and Britain are at a near record level of over 20,000 tonnes and it is commonly believed there are another 10,000 tonnes of undeclared stocks in Europe, not to mention big holdings in Malaysia, other producing countries and the U.S.

Beyond these the U.S. strategic stockpile is offering for sale over a three-year period some 30,000 tonnes of surplus tin, of which only about 8,500 tonnes have been disposed of so far.

Sellers of tin argue therefore that the current market situation is totally unrealistic and are assembling a case for defaulting on their contracts. These include not only speculators, who committed themselves to deliver tin they did not possess at some forward date, but also genuine trade companies which rely on shipments of tin arriving on a specific date. In the past any shipping delays have normally

been easily enough dealt with by the payment of a small premium. Even more alarming for the Metal Exchange was the prospect that sellers would simply prefer to buy cash tin at a higher level rather than face paying a premium of £120 each day over a period of time.

But the LAIE decision was strongly attacked by Dr Mahathir Mohamed, Prime Minister of Malaysia, the world's largest tin producer. Drawing a comparison with the London Stock Exchange's move to change the rules after the Malaysian take-over of Guthrie's in a "drawn raid", Dr Mahathir complained: "They [the Metal Exchange] provide assistance to speculators when the price rises, but do not help producers when it falls."

Malaysia, the world's largest tin producer, has reacted angrily to the move by the London Metal Exchange to try to slow down the rise in the cash price of tin. "They (the Metal Exchange) provide assistance to speculators when the price rises, but do not help producers when it falls," says Dr Mahathir Mohamed, the Prime Minister (right).



There is an element of truth in this accusation. The very nature of the market mechanism means that it is more vulnerable to being starved of supplies (normally during a period of shortage) than of money during a period of surplus.

But charges from Malaysia that speculators are being given free rein to reduce already depressed tin prices are dismissed by traders as absurd. The fact is that prices are at a record level at a time when demand, hit by the industrial recession, is at a low ebb and there is a massive, and growing, surplus of supplies.

A comparison with the performance of other metals underlines this point. They are virtually all at very depressed prices because of poor demand. It is acknowledged that costs of tin production, as well as other metals, have risen steeply in recent years. But that has little to do with the price consumers are prepared to pay in a competitive market.

Malaysia has admitted that it is talking with other leading tin exporting countries — Indonesia, Thailand and Bolivia —

about ways of protecting producers' interests. In the meantime it has declared its intention to cut back production over the next few years whatever the view taken by other producers. Inevitably this is seen as the first step towards the formation of a cartel — four countries (three of which are geographically and politically close) control well over 80 per cent of world production.

Although there is nearly a year's supply of tin in the U.S. strategic stockpile, at present only 30,000 tonnes have been approved by Congress for sale during the three-year period from July 1980 onwards. And it seems unlikely that the U.S. would be prepared to use its stockpile to smash a cartel formed by influential countries in the Far East.

Sales from the stockpile were going very slowly until December, when it was decided to allow purchases by foreign, as well as domestic U.S. buyers. Since then an extra 5,000 tonnes have been sold, bringing total disposals to over 2,500 tonnes since July 1980.

This relatively modest move to stimulate stockpile sales was enough to bring a storm of protest from producing countries, led by Malaysia and Bolivia, which have always argued that stockpile sales by the U.S. breached the spirit if not the terms of the Fifth International Tin Agreement, which the U.S. joined for the first time five years ago.

After some deliberation the U.S. has in any case decided not to join the Sixth Tin Agreement, due to come into force in June when the present pact expires. U.S. membership of the Agreement has not been a happy experience since it has normally been in the forefront of resisting producers' demands for a rise in the Agreement's "floor" and "ceiling" price levels that are defended by a

buffer stock, and on occasions, by export quotas.

It is commonly believed that it was the consumers' refusal to grant a price range increase last July that led to the formation of the buying group that has dominated the market ever since.

Malaysia, although never officially admitting knowledge of the group's identity, has been slow to deny its involvement. And its strong protests against the extension of the stockpile sales, and the Metal Exchange trading curb, provide further circumstantial evidence that it may be behind the group.

So does the Malaysian announcement that it is holding talks with other tin exporting countries. If this develops into a form of producer cartel, it will provide consumer countries such as West Germany and Britain, already reluctant to join the proposed new Tin Agreement, with an ideal excuse for staying out.

The classic answer to a producers' cartel for market "corner" is for consumers either to cut back or stop using the commodity concerned. In the case of tin this is already happening. The main use of tin is in the manufacture of tin-plate, which nowadays has a coating of tin equal to about 0.5 per cent of the total weight of the product, but accounting for around 10 per cent of the cost.

Triplata has for many years faced fierce competition from other materials, ranging from aluminium in beverage cans, to stainless steel, plastics and glass. Over the years the amount of tin used has been considerably reduced, and work is going on to reduce it still further to some 0.1 per cent in the light steel or substitute it entirely by glass or nickel coating in what is called tin-free steel.

In solder — another big outlet for tin — the percentage of tin used in some cases has dropped from 38 per cent tin to 62 per cent lead, to a mere 2 per cent tin. The replacement of soldering in can-making, by welding or "drawing", discourages the use of tinplate, which provides a good bond for solers.

Tinplate accounts for nearly half of total tin consumption and there is no doubt that high prices will discourage other uses of tin as well.

Past experience has shown that it is impossible to distort market prices for too long. It seems fairly clear that the support buying operation is, too big, and has been sustained for too long, merely to be a speculative exercise. Producers' backing means that it can probably be kept going for some time while Malaysia looks at the prospects for forming a cartel. But the consequences could be serious. International trading in tin, and its use in industry, is likely to be seriously affected. At the same time the Third World will view the struggle for control of the tin market as a test case for its aspirations for a new deal in commodity trading.

## Men & Matters

### Party manners

What a round of party-going now stretches before the ladies with ambitions to represent the Social Democrats in the Commons.

Amid Saturday's scenes of confusion in Kensington, the SDP conference voted narrowly in favour of including a minimum number of women on the short lists from which local parties select their parliamentary candidates.

According to the current guidelines, the number wanted is two. Since only 180 women have their names on the Cowley Street books and the SDP will be fighting around 300 seats, each one will have to whirl round at least four selection conferences.

But it became clear during the weekend that the SDP leaders expect a certain standard of behaviour in return for this positive discrimination in favour of the women on the party circuit.

Up in Richmond, local SDP members led by teacher

Geraldine Evans have been muttering that they might fight the seat independently if the Alliance tries to foist a Liberal candidate on them.

Such rebellious talk has caused a flutter among the sensitive souls in Cowley Street who thought they had fixed a satisfactory deal with the Liberals about allocating seats in North Yorkshire and Humberside.

Evans was taken aside at the weekend conference and warned that she would be disowned if she persisted in such outrageous attitudes. Social Democrats should show a little more decorum than Liberals, it was suggested.

### Water wings

After Laker, some cracks seem to be appearing in Pan American.

First class passengers on a flight from San Francisco to London yesterday covered themselves with blankets, towels and pillows to avoid a soaking as rain showered through the roof at take-off.

When the aircraft left Seattle after a touch-down there, one man put up his umbrella.

### Policy matters

Though it may have been saved an \$11m payout in claims on the scuttled oiltanker Salem, Lloyd's got quite a wiggling from the Appeal Court about the literary style of its marine insurance policies.

"Notoriously ill-drawn," Lord Justice Kerr observed tartly during his judgment; while Lord Justice May strongly deprecated the "mystique" that surrounded the subject. Lloyd's "ship and goods" policy had been criticised for its form and content for at least 200 years, Lord Justice May added. And anyone reading the statement of perils it covered now might well echo those historic complaints.

One clause was so "badly drafted" — both its meaning and purpose are difficult to discover," the judge commented.

He reminded Lloyd's that other types of insurance had "just as antique and historic an origin and growth" but there had been a welcome tendency to re-draft policies in recent years to provide greater simplicity and certainty.

It was, he concluded pointedly, an approach to be encouraged.

### Code of conduct

For the first time for 265 years, one of the most important scientific works of Leonardo da Vinci was on display in Florence yesterday.

Dr Armand Hammer, the octogenarian head of Occidental Petroleum, returned the artist's Codex on the Waters, the Earth and the Universe, to the city for a three-month exhibition.

The Codex was sold by a Florentine to Thomas Coke, first Earl of Leicester, in 1717, and kept under lock and key at the family's home at Holkham in Norfolk until December 1980 when death duties obliged them to part with it.

The Italian Government, anxious to repatriate the work, had allocated up to £5m to buy it at Christie's. But it had to abandon the bid when the severe earthquake in southern Italy forced it to seek international loans to meet the cost of the damage. Hammer, whose attempt to buy the Codex some years before was rebuffed, acquired it at the sale for £2.45m.

But the artist shies away from the subject because of the destructive purpose to which he feared they would be put by evil men.

### In reverse

For years Merrill Lynch has proclaimed itself "bullish" on America to whet the investor's appetite for stocks and bonds. But given that the stock market has been stuck in a rut for 10 years, and the bond market is a disaster area, the enthusiasm of the largest U.S. stockbroker has always seemed a little misplaced. I may finally have the reason, though.

The latest 1982 World Almanac and Book of Facts, one of America's great knowledge compendiums, contains a glossary of investment terms supplied by Merrill Lynch. Two of them read as follows:

Bear Market: A market in which prices are on the rise. Bull Market: A market in which prices are falling.

The man at Merrill Lynch was a bit flustered when I pointed this out to him. "That's not right at all," he said. "They're obviously the wrong way round."

### Impasse

Rear window car sticker seen in Hammersmith: "I want to be an anarchist but I don't know the rules."

## Why not belong to Glasgow?

Lots of people do. The coal board pension fund, Norwich Union, Land Securities, the Viking Property Group, Commonwealth Holiday Inns are just some of the big names who have invested millions in the city.

They've all found Glasgow a successful and profitable base for their operations. First class transport and communications, special development area status and an established banking and financial community combine to make Glasgow the perfect centre for investment.

Form for requesting a copy of "Glasgow: The Profile". Fields include Name, Position, Notice of Birth, Company, Address, and Tel No. A logo for Glasgow is also present.



"I think Sir Freddie is beginning to appreciate how frustrating being on stand-by can be."



THE WORLD IN 2000

A planet heading for trouble

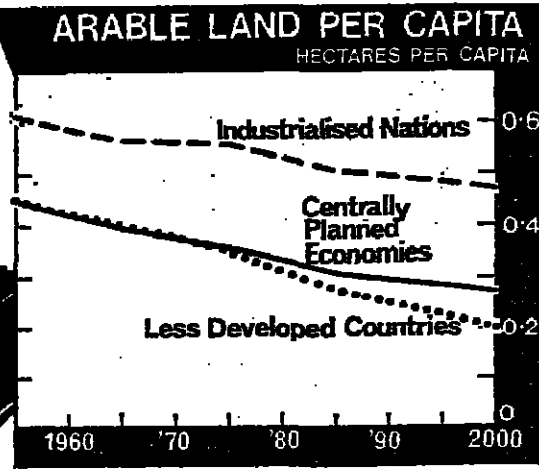
By Ian Davidson

TEN YEARS ago, the Club of Rome created a sensation with the publication of its report, 'The Limits To Growth'.

POPULATIONS OF THIRD WORLD CITIES

Table with 3 columns: City, 1975, 2000. Rows include Mexico City, Calcutta, Seoul, Greater Bombay, Greater Cairo, Jakarta, Delhi, Karachi, Manila, Tehran, Bogota, Lagos.

Source: Global 2000 Technical Report



The initial sensation was followed by the inevitable reaction. There were those who argued that technology would come to the rescue of our 20th-century growth assumptions.

Despite the counter-attacks, anxiety for the long-term prospects of the planet remained very much alive, and five years later, President Carter commissioned a U.S. Government study on the probable changes in the world's population, natural resources and environ-

Expect a troubled entry into the 21st century

ment during the rest of this century. The result, the 766-page Global 2000 Report to the President, was published in the closing months of the Carter presidency.

Inevitably, some of the detailed forecasts will have been violated by the lapse of time; this is most obviously true of the energy forecasts, which were made before the 1979 oil price explosion and the accident to the nuclear power station at Three Mile Island.

vent this outcome," it says, "is running out. Unless nations collectively and individually take bold and imaginative steps toward improved social and economic conditions, reduced fertility, better management of resources and protection of the environment, the world must expect a troubled entry into the 21st century."

Between 1975 and the year 2000, the world's population is expected to rise from 4bn to 6.18bn. Although the rate of growth will have slowed down slightly, the world's population will be growing faster in the year 2000 in absolute terms than it is now.

Of this 2.2bn increase in the final quarter of this century, almost half will live in cities in developing countries, and will take the total urban population in developing countries to 1.4bn, compared with only 450m in 1975.

This growth of cities in the Less Developed Countries will put unprecedent pressure on sanitation and other public services. As it is, the fastest urban growth in the LDCs occurs in uncontrolled slums and shanty-

towns, where sanitation is minimal or non-existent. To keep pace with growing needs, the LDCs will have to triple urban services during the next two decades; but "the chances of this happening are unlikely at best," says the report.

Can the world's population be fed in 2000? The conclusion of the report is: not adequately. World food output will rise by 90 per cent (compared with a 50 per cent increase in world population), but most of that increase will go to countries which are already well fed.

At present about one-fifth of the world's land surface is covered by forests; at the current rate of deforestation—18m hectares a year, an area half the size of California—the world's forests are likely to cover only a sixth of the world by the end of the century. By 2020 all the physically accessible forests in the LDCs are expected to have been cut.

In addition, deforestation will be the largest single factor

leading to the extinction of a fifth of the world's plant and animal species. Most of these losses will take place in tropical areas, but the more serious losses will be those in dry and marginal lands where local strains of important food grains have evolved high-yield or disease-resistant traits. The extinction of wild strains, and their replacement by high-yielding commercial seed, will make it more difficult to breed disease-resistant strains in future.

"If present trends continue, increasing numbers of people will be dependent on the genetic strains of perhaps only two dozen plant and animal species. These strains will be highly inbred, and the plant strains may have reduced pest and disease resistance and may be planted in large, contiguous monocultures. Plant and animal epidemics will occur as they have in the past, except that in the future the number of human lives at risk may not be in the millions (as in the Irish potato famine) but in the tens or even hundreds of millions. While the magnitude of the risks involved cannot be measured precisely, the world's history of crop failures due to pest and diseases (including the recent U.S. corn blight) demonstrates that the probabilities of a major failure are not negligible."

Because of the growth of population, water shortages will be more frequent and more

severe than they are today; moreover, deforestation will destabilise flows of water, while irrigation and the use of pesticides and fertilisers will contaminate fresh water. The report even goes so far as to suggest that water shortages could lead to outbreaks of war.

"The world will be more vulnerable to the disruptive effects of war. The tensions that could lead to war will have multiplied. The potential for conflict over fresh water alone is underscored by the fact that out of 200 of the world's major river basins, 148 are shared by two countries and 52 are shared by three to 10 countries. Long-standing conflicts over shared rivers such as the Plata (Brazil, Argentina), Euphrates (Syria, Iraq) or Ganges (Bangladesh, India) could easily intensify."

Academy of Sciences estimated that a world population of 10bn would be "close to (if not above) the maximum that an intensively managed world might hope to support with some degree of comfort and individual choice."

PEOPLE'S expectations about inflation, which had been steadily falling since 1979-80, have started rising again in the last few months. The most important "macro" objective of the next Budget must be to start them moving down again.

Evidence about people's inflationary expectations is available from Gallup poll questions. From 1981 to 1975 people were asked whether they expected prices to rise, fall or stay constant over the next six months.

The balances of ups and downs has been transformed into a forecast of the inflation rate by Mr Roy Batchelor of the City University Centre for Banking. The main assumption is that, although most people always expect prices to rise, variations in the size of the majority give a clue to how fast the price rise is expected to be.

Market forces will not solve the problems

and loss and deterioration of soil. "In fact, the best evidence now available—even allowing for the many beneficial effects of technological developments and adaptations—suggests that by 2000 the world's human population may be within only a few generations of reaching the entire planet's carrying capacity."

This is not a cheerful book. But it is extraordinarily readable. In the best American fashion, the technicalities are laid out with inescapable lucidity. Above all, it underlines that market forces will not solve the problems it describes.

Lombard

England expects inflation drop

By Samuel Brittan

After 1978 inflationary expectations dropped, falling to an average of just over 10 per cent in 1980 and 9 per cent in 1981. In the last few months of 1981, however, inflationary expectations began to rise together with the inflation rate itself.

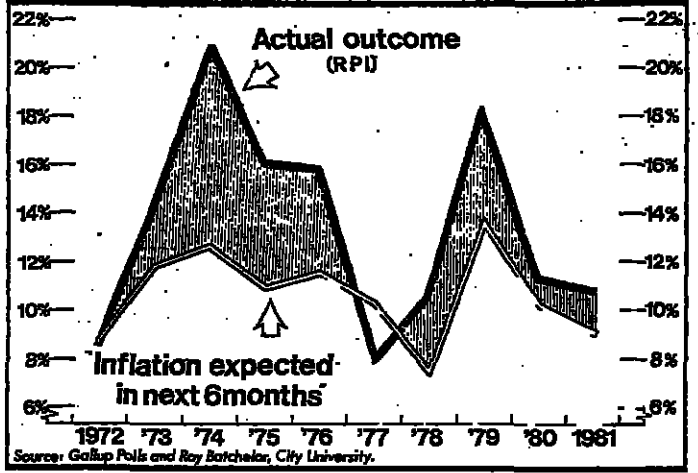
Actual and expected inflation can interact in perverse or beneficial ways. When people are optimistic about inflation coming down, wage settlements and prices are lower in a given state of the labour market, and employment higher, than when expectations are pessimistic.

A point to watch in examining the chart is that both predictions and the actual outcome are ascribed to the date when the predictions were made. They are thus forward looking and show peaks somewhat earlier than the conventional inflation charts—the last peak (associated with VAT and oil price rises) for instance being shown in 1979 rather than 1980.

These reactions in turn make it easier for governments to stick to anti-inflationary financial policies, thus reinforcing the initial shift. This is the one germ of truth in the "at a stroke theory" of inflationary control.

A cut of 7 to 8 per cent (not percentage points) in indirect taxes via the Regulator would cost about £1.5bn and reduce the RPI by 1 per cent. There would then be a prospect of an inflation rate well into single figures this year rather than next. This would be the best chance of convincing people that the UK was going back to the merely creeping inflation experienced before the traumas of the 1970s.

This would be better for employment as well as for financial stability than reducing employers' National Insurance contributions in a year of profit recovery.



Letters to the Editor

European gas policies and potential resources

From the Director, Centre for International Energy Studies, Erasmus University, Rotterdam. Sir—Sue Cameron (February 1) is correct to wonder why Western Europe is taking more Soviet gas when "there are other sources, including the North Sea."

"Conservation of limited supplies" is also an element in the situation and the contrast between earlier "profligate" and present "conservationist" Dutch policy is usually presented in evidence in this respect. This does no justice to the facts of the situation particularly when Sue Cameron describes the earlier Dutch policy as one in which "the Dutch would give their gas to almost anyone who came along with a suitable length of pipe."

obligate at prices which undercut those demanded by the Netherlands in spite of the massive contrast in transport costs between the two supply sources. It was only in the context of competition from Soviet gas that Dutch suppliers then responded to the larger scale marketing opportunities, but by then the "damage" had been done as energy-short Western European countries had committed themselves to Russian gas.

Initiative rests with the Government

Sir—The initiative has remained with the Thatcher Government since its return in 1979, because its policies (whatever their defects) are so much more to the point than anything emanating from elsewhere. Admittedly, some Liberal thinking has been sharp, but by and large Social Democrats and Liberals (and the Labour Right and Centre indeed) have gradually swung from dream to reality.

Agricultural economics

From the President, The Agricultural Economics Society. Sir—With reference to Mr Cathie's letter (February 6), may I refute the allegations and imputations made by him with regard to this society. The contents of the Journal comprise both contributed articles and the papers read at the society's annual conference. Journal articles are refereed by an editorial committee, and the conference programme is agreed by the executive committee to whom suggestions may be made by members as to the content of future conferences.

Research studies into the CAP

From the Director and others, Agricultural Economics Unit, Department of Land Economy, University of Cambridge. Sir—We regret that a colleague should have used the address of the Cambridge Agricultural Economics Unit from which to send a personal opinion (February 6) on the economic research funded by the Ministry of Agriculture, Fisheries and Food. We especially dissociate ourselves from the comments of Mr Cathie on the value, quality and scope of the unit's research on farm incomes and on the economics of agricultural production and marketing.

which the society and the profession are grateful.

this "humble" contribution to economic efficiency. Wealth must be created before it can be redistributed. This work does involve a good deal of arithmetic—albeit mainly by computer—attention to technological and financial detail and contact with producers, all of which may well be tedious to the "political economist" with his broader brush. The analytical problems involved nevertheless are not unchallenging. Some core topics inescapably recur in our reports, but the other subjects covered and the techniques used have evolved and varied over time.

Corporate financing, project financing—LTCB is experienced in all forms of wholesale banking. Business can be a lot more efficient with LTCB as a partner.

Advertisement for THE LONG-TERM CREDIT BANK OF JAPAN, LTD. featuring large stylized letters L, T, C, B and descriptive text about financing services.



Amersham forecasting £8.3m for this year

THE PROSPECTUS for the offer for sale of all the shares in Amersham International is published today. Amersham is a Government-owned group which develops, manufactures, and sells radioactive materials.

per cent in relation to the currencies of the countries which make up the group's main markets, trading profit would be respectively higher or lower by 10 per cent," he said.

issue are Cazenove, Morgan Grenfell is advising Amersham and N. M. Rothschild is acting for the Government.

comment

Amersham is an attractive candidate for a stock market quotation. It has been in the radioactive products since 1946 and now competes world-wide against such giants as Squibb, Roche and Du Pont.

Lincroft sees future expansion outside the textile industry

THE DIRECTORS of Lincroft Kilgour, the cloth merchanting and menswear manufacturing company, have decided that future investment should be made outside the textile industry.

Mr Tony Holland, chairman of Lincroft, said that the surplus, which could be between £1m and £2m, would be invested in quoted securities.

Also, in the last 12 months, the remaining cloth stocks of the mail order business were sold as was the smaller of the Leeds factories.

At the balance-sheet date, September 30, 1981, total net debt stood at just under £1m against shareholders' funds of £3.55m.

BIDS AND DEALS Ellerman to sell insurance subsidiary

Negotiations are at an advanced stage for the sale of Ellerman Lines' subsidiary, London and Hull Maritime Insurance Group, to the leading French insurance group, Assurances du Groupe de Paris (Groupe Paternelle) for an undisclosed sum.

The sale is subject to the approval of the UK Department of Trade and the French Finance Ministry.

FOOD FLAVOURING AND PERFUME MERGER PLANNED

Three companies, Proprietary Perfumes, Food Industries and Bertrand Fabres, dealing in perfumes and food flavouring, are to merge to form a £100m international company PPF.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

Table with columns for company names and meeting dates. Includes entries for Amersham, BSA, BICC, etc.

Friends' Provident bonuses

Unchanged rates of interim and terminal bonus have been declared for 1982 by Friends' Provident Life Office, the final year of the current triennium.

December 31 1982. The company announces that thereafter bonuses will be declared on an annual basis. Quotations are now being given assuming the current interim rates on an annual compounding basis.

FT Share Information

The following securities have been added to the Share Information Service: American Telephone and Telegraph (Section: Americans), ESI London (Electronics), Fledgling Investments (Investment Trusts), Leaderfish (Holdings) (Buildings), Newmarket Company (1981) (Investment Trusts), Owners Abroad (Leisure).

RESULTS AND ACCOUNTS IN BRIEF

CANADIAN AND FOREIGN INVESTMENT TRUST—Net asset value per share at January 31 1982 203.3p after prior charges at par.

DRAYTON COMMERCIAL INVESTMENT TRUST—Net revenue for 1981 £1.25m (£2.05m) after tax of £1.45m (£1.32m). Final dividend 5.25p (5p).

Advertisement for Indosuez Banque de l'Indochine et de Suez London Branch. Includes text: 'INDOSUEZ BANQUE DE L'INDOCHINE ET DE SUEZ LONDON BRANCH CERTIFICATE OF DEPOSIT FACILITY US \$ 70,000,000' and lists of partner banks.

Advertisement for Imperial Chemical Industries Limited. Includes text: 'IMPERIAL CHEMICAL INDUSTRIES LIMITED US\$30,000,000 6% PER CENT BONDS 1982 Final Redemption'.

Admission has been granted to the Luxembourg Stock Exchange of the Shares of ESI London PLC.

Advertisement for ESI London PLC. Includes text: 'ESI London PLC Introduction to the Luxembourg Stock Exchange of 12,500,000 Ordinary Registered Shares SHARE CAPITAL'.

Table of Pending Dividends. Columns include Date, Announcement last year, Dividend, and Announcement last year. Lists various companies and their dividend details.

Table of Base Lending Rates. Columns include bank names and interest rates. Includes entries for A.B.N. Bank, Allied Irish Bank, American Express, etc.

Table of Public Works Loan Board rates. Includes text: 'Effective February 6' and lists rates for various terms and currencies.

Advertisement for M. J. H. Nightingale & Co. Limited. Includes text: 'M. J. H. Nightingale & Co. Limited 77/78 Lovat Lane London EC3R 8EB Telephone 01-621 1212'.

Advertisement for Finance for Industry Term Deposits. Includes text: 'FINANCE FOR INDUSTRY TERM DEPOSITS Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years.'

Advertisement for Eurobonds. Includes text: 'EUROBONDS The Association of International Bond Dealers'.

Advertisement for Dunhill Holdings PLC. Includes text: 'DUNHILL HOLDINGS PLC (Incorporated in England No. 1803794) Share Capital Issued and Fully Paid'.





CREDITS

# Crucial week for Poland

THIS WEEK will be crucial in the long-drawn out saga of Poland's debt renegotiation with Western banks. Today it is due to complete interest payments still outstanding from 1981.

Once these payments are complete, the 500 banks involved in the rescheduling talks will be able to proceed with arrangements for signing the agreement to defer repayment till 1988 of some \$2.4bn in debt that fell due in the last three quarters of 1981.

The end of last week found bankers on tenterhooks wondering whether Poland would meet its self-imposed target date for the interest payments.

Best estimates in the market were that around \$100m still had to be found, but no one has been keeping a precise tally so far, partly because individual banks are very coy about telling each other how much they are owed.

It will only be after the close of the business today that the leading banks in the negotiations will begin checking to see whether all the payments have been made.

If they have not, the signing of the agreement will be pushed further into the future. If it has, a date will be set for the signing, probably in early March, and the banks will heave a collective sigh of relief that the first chapter in the most complicated commercial debt rescheduling ever is nearly over.

But the second chapter will begin almost immediately with talks on rescheduling debt falling due this year. The banks generally want to proceed with rescheduling arrangements despite political pressures welling up in some Washington quarters for a default to be called.

In the Eurocredit market itself the main development of last week was the announcement of terms for the four year \$2bn credit being sought by Mexico's state oil concern Pemex. These involve a margin of 1 per cent over London interbank offered rate (Libor) or 1/2 per cent over U.S. prime rate, and confirm the upward movement in margins for Mexico that has taken place over the past few months.

Eyes are, however, now turning increasingly towards Southern Europe where large

loans are coming up for Greece (around \$400m), Spain (\$400m to \$500m) and, by April, Portugal which may be seeking as much as \$650m.

All these credits will be closely watched as the mood of the market would dictate a slight upward shift in margins in all three cases, at least if a widespread syndication is hoped for. But the spirit of competition is still strong in some sectors of the Eurocredit market and this could lead to the continuation of very fine margins on some of these credits.

A keenly awaited mandate at the end of last week was the \$200m credit being sought by Argentina's electricity utility SEGBA. Once again Argentina is taking longer than expected to decide on a deal and bankers are pointing increasingly to the number of short-term loans being offered discreetly in the market by public sector entities.

Typically these involve a margin of 1 per cent for a year or 18 months, which is close to the yield obtainable on medium term loans. Argentinian officials say they are trying to staunch the flow of such business having already reduced the short-term borrowing of the government itself to around \$500m from \$2bn at its peak last year.

In the short-term market Ecuador has upset some bankers by opting for a \$200m, one-year loan through Shearson Loeb Rhoades rather than the medium term deal originally promised. The loan will be sold on a discount to yield basis offering effective margins ranging between 11/16 and 7/16 depending on the amount taken.

These margins are somewhat lower than would have been available on a medium term loan, bankers say.

In the Far East the Philippines last week signed its \$325m credit which achieved a market sell-down of only around \$40m. Interest was reported to be stronger by contrast in a new \$110m credit for the private sector Philippine Long Distance Telephone which is being led by European Asian Bank on a split 1-1/4 per cent margin.

Peter Montagnon

INTERNATIONAL BONDS

# Floating rate notes in fashion

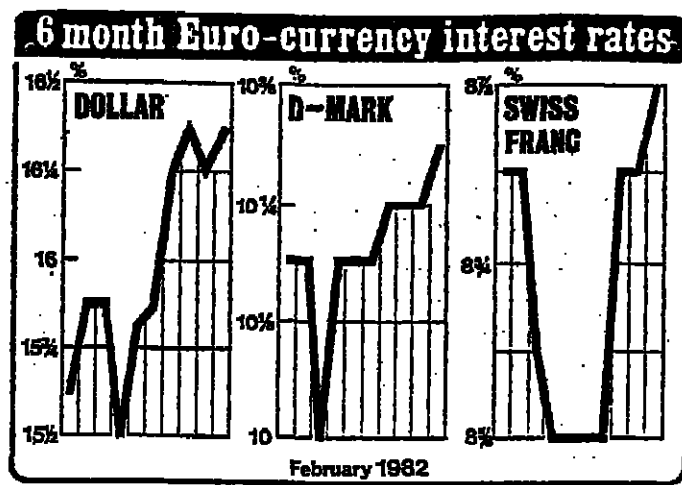
FLOATING RATE NOTES almost seemed to be catching up with zero coupon bonds as the latest fashion in the Eurobond market last week.

Not only did Sweden set a new record for the market with an increase to \$650m from \$400m in its issue first announced on Tuesday, but there were also floating rate notes in the market for Denmark and by Friday for France's Caisse Centrale de Cooperation Economique as well.

This latter issue—\$100m with a 1/2 per cent margin over the mean of the bid and offered three month Eurodollar rate—was understood to be meeting strong interest despite its unusually long life of 20 years, as investors continue to show signs of wanting to protect themselves against volatile interest rate movements.

Bankers are generally reluctant to claim that floating rate notes are becoming the instrument of the future but there is no doubt that the high total return available on such issues coupled with the security of capital value is encouraging interest from a broader spectrum of investors.

Essentially floating rate notes offer a link between the bond and the money markets because the coupon fluctuates in line



with short-term rates. This link was taken a step further on Friday with the launch by the Austrian Kontrollbank (OKB) of a five-year tap issue of floating rate deposit notes.

Up to \$100m of the notes will be sold on a yield basis with a nominal rate of interest 1/2-point below the London interbank bid rate at the time of the interest rate fixing.

Investors can however offer the notes for repurchase by the borrower at par at each three-monthly interest rate change. Notes so redeemed will be offered for resale by the dealer-

managers to the issue: Orion Royal, European Banking, and Manufacturers Hanover.

Besides floating rate issues, the market also saw a fairly steady flow of fixed rate finance last week culminating in a \$100m, 15 1/2 per cent, seven-year bond at par for Continental Illinois launched on Friday through Morgan Grenfell.

The 13-year tranche of the General Electric zero coupon issue was increased by \$100m to \$500m, while BASF came to the market for the first time in more than ten years with a \$165m issue with warrants.

Peter Montagnon

EUROSTERLING BONDS

# Re-opening to test domestic demand

THERE HAVE been 37 straight Eurosterling bonds issued since 1976, ten of them by UK borrowers. Most observers agree they attracted relatively few UK domestic investors to the primary market, either before or after the lifting of UK foreign exchange controls in 1979.

The market has now re-opened after almost a year in hibernation. The level of demand from British retail buyers—as well as City of London institutions—is one of several intriguing questions which will be raised by any sustained run of new issues.

The catalyst for the re-opening was undoubtedly the good reception for Barclays Bank's \$100m 16 per cent loan stock in the domestic debenture market.

This suggested some demand for Eurosterling bonds as well. The first borrower to test this presumption is the paper and packaging group Reed International, issuing a \$25m 1988 bond via its Netherlands Antilles subsidiary. A large management group led by S. G. Warburg embraces seven nationalities. The indicated coupon is 16 1/2 per cent and the bond will be

priced on February 17. Comparable gilts were initially yielding about 15 1/2 per cent. Bond traders suggested that a premium for the bond of about 125 basis points looked appropriate but gilts rallied strongly by the end of last week and a coupon adjustment must be a possibility.

Domestic demand does indeed appear to have been stronger than in the late 1970s, with City banks and insurance companies adding to the traditional Euro market sources.

International support for the Eurosterling bond still remains more important, however. It rises and falls principally in line with views on sterling. In practice this means the bond sector will continue to feed off the crumbs from the gilt table.

It also means the offering yield on a Eurosterling bond probably merits little of the precision lavished, for example, on the differential between Yankee bonds and U.S. Treasury notes. As one banker commented last week, "Eurodollar paper is for investors, Eurosterling is for punters."

D. Campbell-Smith

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
<b>U.S. DOLLARS</b>							
McDowell Douglas	50	1989	7	17	100	Merrill Lynch	17.000
Honda Motor Co.†	80	1997	15	5 1/2	100	Nomura Int'l, Merrill Lynch	5.500
Denmark††	100	1992	10	—	100	Citicorp Int'l, Chase Manhattan, Fuji Int'l., Fin. Morgan Guaranty	—
Arizona Public Service†	25	1989	7	16	99.5	CSFB	16.123
Carolina Power	60	1989	7	16 1/2	100	Merrill Lynch	5.250*
Sweden††	650	1989	7	5 1/2	100	CSFB	—
Sumitomo Electric§	50	1997	15	—	100	Daiwa Secs.	—
Hitachi Maxell§	30	1997	15	—	100	Nikko Secs.	—
General Electric†	500	1995	13	0	17.25	Morgan Stanley, Goldman Sachs	14.470
General Electric†	200	1994	12	0	19.75	Morgan Stanley, Goldman Sachs	14.470
Gulf Oil†	300	1992	10	0	25.32	Dean Witter Reynolds, Deutsche Bank, UBS Secs.	14.500
RAS††	165	1988	6	11	100	Deutsche Bank	16.00
New Brunswick Electric†	75	1989	7	16 1/2	99.5	CSFB	16.375
Continental Illinois†	100	1989	7	15 1/2	100	Morgan Grenfell	15.750
CCCF††	100	2002	15	5 1/2	100	BNP, Dillon Read	5.250
OKB†††	100	1987	5	—	100	Orion Royal Bank	—
Trans-Western Exploration§	10	1997	15	—	100	Bateman Eichler, Hill Richards Int'l.	—
<b>CANADIAN DOLLARS</b>							
Toronto Dominion†	25	1988	6	16 1/2	100	Continental Illinois	16.500
City of Montreal	50	1989	6	—	100	Kredietbank, Banque Bruxelles Lambert, Societe Generale	—
<b>D-MARKS</b>							
Prov. of Quebec†	150	1992	10	10 1/2	100†	Commerzbank	10.084
Tauernautobahn	50	1994	12	9 1/2	100	West LB	—
SATS**†	50	1986	4	10 1/2	100	BHF Bank	10.500
Australia†	200	1991	9	9 1/2	100	Deutsche Bank	10.375
Denmark	100	1988	6	10	100	West LB	—
Denmark	100	1992	10	10 1/2	100	West LB	—
<b>SWISS FRANC</b>							
Oest. Postsparkasse†	100	1992	—	7 1/2	99 1/2	Kredietbank	7.322
CNT†	100	1992	—	7 1/2	100	CS	7.250
Manitoba Province†	100	1992	—	7	100	UBS	7.000
Machi-Fujikoshi**†	50	1987	—	5 1/2	100	UBS	5.750
Nakayama Steel**§	30	1987	—	—	100	UBS	—
Landsvirkjun†	25	1992	—	8	100	Handelsbank, Bank von Ernst	8.000
Secs**††	33	1989	—	6 1/2	100	Soditic	6.500*
Canada**†	300	1987	—	7 1/2	100	CS	7.250
<b>LUX FRANC</b>							
Credit Lyonnais†	500	1989	7	13	100	Kredietbank (Lux)	13.000
<b>STERLING</b>							
Reed Int'l.	25	1989	6.4	16 1/2	—	SG Warburg	—
<b>YEN</b>							
Japan Airlines†	8.6bn	1987	5	7 1/2	100	Daiwa Secs, Morgan Guaranty	7.875
Imatran Vioma Oy†	10bn	1994	10.32	8.4	99.8	Daiwa Secs.	8.462
Euratom†	20bn	1992	10	8.3	99.45	Nomura Secs.	8.352
EGAT**†	10bn	1994	9.2	8.9	100	Long Term Credit Bank of Japan	8.900

\* Not yet priced. † Final terms. \*\* Placement. †† Floating rate note. ‡ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. † For 3 years. Thereafter at 17 per cent. ‡ To be sold on a yield basis. Note: Yields are calculated on AIBD basis.

New issue. These securities having been sold, this announcement appears as a matter of record only. February 1982.



## Altos Hornos de México, S.A.

(A company incorporated in Mexico with limited liability and a member of the Sidermex group of companies)

U.S. \$100,000,000  
Floating Rate Notes due 1987

Lloyds Bank International Limited  
Bank of Tokyo International Limited Banque Nationale de Paris  
Banque de Paris et des Pays-Bas

Crédit Lyonnais Sumitomo Finance International



All of these Securities have been sold. This announcement appears as a matter of record only.

\$50,000,000  
(Canadian)

## General Motors Acceptance Corporation of Canada, Limited

16 1/2% Notes Due February 1, 1989

Payment of principal, premium, if any, and interest

unconditionally guaranteed by

## General Motors Acceptance Corporation

MORGAN STANLEY INTERNATIONAL

- ALGEMENE BANK NEDERLAND N.V.
- BANQUE BRUXELLES LAMBERT S.A.
- BANQUE NATIONALE DE PARIS
- DOMINION SECURITIES AMES LIMITED
- MERRILL LYNCH INTERNATIONAL & CO.
- UNION BANK OF SWITZERLAND (SECURITIES) Limited
- AMRO INTERNATIONAL LIMITED
- BANQUE GENERALE DU LUXEMBOURG S.A.
- CONTINENTAL ILLINOIS LIMITED
- KREDIETBANK INTERNATIONAL GROUP
- SOCIETE GENERALE DE BANQUE S.A.
- WOOD GUNDEY LIMITED

February 5, 1982



INTERNATIONAL CAPITAL MARKETS AND COMPANIES

US BONDS

Wall Street remains bearish on outlook for interest rates

WITH TODAY'S Bank Holiday in observance of Washington's birthday, Wall Street will have extra time to size up the credit outlook when the markets re-open for trading tomorrow. But there seems little prospect of a decline in interest rates. The only question is whether they will go up, and how far.

Mid-week rally

These fears depressed an already badly demoralised bond market, and ensured that short-term interest rates remained high. The market drew some comfort from Mr Volcker's more flexible policy, and that sparked a brief mid-week rally. But trading was thin, and the market is still threatened by a large overhang of unsold Treasury paper from the recent Government auction.

Some optimistic analysts believe that the extraordinary high real yields available in the market contain the seeds of a rally. With top grade corporate bonds yielding 16 per cent and inflation well below 10 per cent, rare investment opportunities await those bold enough to take the plunge. However, the combination of the money supply problem and the deficit also looks very forbidding.

Technical bulge

In his Congressional testimony, he said the Fed was willing to tolerate a higher level of money supply for a few months, partly because M1 fell way below target last year, partly because the reasons for the recent bulge appear to be technical. However, there is no escaping the fact that M1 at its current level is uncomfortably above target, and growing at about three times the rate the Fed wants. So, even if the central bank wishes to avoid drastic action to bring M1 down, it is certain to keep a tight grip on credit.

Interest rates are likely, therefore, to remain at their recent high levels, which could eventually force another increase in the prime rate, even the discount rate.

David Lascelles

The worsening of the money supply came at the end of a week dominated by worries about the severe imbalance in President Reagan's budgets in the next three years. The Administration's deficit forecasts carry little credibility on Wall Street, which seriously doubts that Congress will pass either the extra spending cuts or the tax increases necessary to balance the budget better.

Table with 2 columns: U.S. INTEREST RATES (%), Week to Feb 12, Feb 5. Rows include Fed funds, 3-month T-bills, 3-month CD, 30-year Treasury bonds, AAA UDD, AA Industrial, Source: Salomon Brothers (estimates), in the week to February 9, M1 rose \$2.3bn to a seasonally adjusted \$489.7bn.

Yugoslavia to resume new medium-term loan talks

BY DAVID BUCHAN

YUGOSLAVIA intends to resume negotiations for a new medium-term loan from Western banks, on the strength of new official figures showing its overall 1991 current account deficit reduced to \$750m. Yugoslavia evidently hopes last year's better than forecast balance of payments performance, together with the expectation of early approval by the International Monetary Fund of another \$500m-\$700m drawing by Yugoslavia on its current standby credit will have a favourable impact on the market, which is worried in general by the prospect of lending to East Europe.

But London bankers said this might not be realistic. They noted that while Yugoslavia had, with IMF backing, clearly made progress in curbing imports and cutting back investments, its 1981 surplus with East European partners only balanced a corporate deficit over the two previous years. The bankers believed that the Yugoslavia Government was testing out Western financial sentiment with a view to getting a politically symbolic loan in the wake of the military crackdown in Poland. Yugoslavia, however, still had no real problem in getting sufficient short term credit, but was rather concerned with building up its reserves. According to the latest statements of foreign debtors, currency reserves totalled \$2.69bn and net foreign indebtedness was \$1.65bn.

Yugoslavia has succeeded in reducing its hard currency deficit from \$3.3bn in 1979, \$2bn in 1980, to \$1.4bn last year. While this was clear good progress, one banker in London said the Yugoslavs know, "they are not out of the woods yet, and we know it too." The Belgrade government's official target is to reduce this year's current account deficit to \$500m and to zero in 1983. This goal is regarded as ambitious even by some IMF officials. According to a background paper circulated last week by the Yugoslav government, "realisation of these targets in the balance of payments will enable the maintenance of foreign currency reserves at the optimal level sufficient to cover average two-monthly external payments."

Oil exporting countries become net borrowers

BY DAVID BUCHAN

OIL EXPORTING countries have become net borrowers of funds from major Western banks for the first time since the end of 1978, the Bank for International Settlements (BIS) disclosed in its latest quarterly report. The BIS attributed the change largely to a decline in the huge balance of payments surpluses built up by oil exporters as a result of high oil prices in 1979 and 1980. An oil glut has developed since the middle of last year and prices have begun to crumble. The bank said that new borrowing by members of the Organisation of Petroleum Exporting Countries (Opec) rose to \$2.4bn in the third quarter of last year, from \$1.3bn in the previous three months, while their deposits fell by \$700m. Opec countries were also tending to put more money into long-term investments which are outside the banks and thus do not show up in the statistics, the report also said.

The report also showed that the Soviet Union, whose deposits fell in the first half of the year to \$3.6bn from \$3.6bn, had replenished its accounts at Western banks to \$4.5bn by the end of September. The third quarter upturn occurred when Moscow had resumed selling gold after staying out of the market in the first half but this was not mentioned in the report. The BIS had earlier linked the big drawdown in Soviet deposits with possible aid to Poland. The report also said that Moscow's net indebtedness to the Western banking system in the first nine months of the year increased by \$6bn. Among non-Opec countries outside the major Western nations, this was exceeded only by Mexico with \$8.4bn. The Soviet Union's gross debt to the banks stood at \$15.4bn at the end of September, compared with \$14.1bn three months earlier and \$13.4bn at the end of 1980. Eastern European countries as a whole tended to accumulate funds with the banks in the third quarter, instead of making withdrawals as in the preceding quarter, and they also made less new borrowing, the BIS said.

Eastern Europe thus changed from being a net taker of \$3.1bn of funds in the second quarter to being a net supplier of \$300m. Poland's deposits had risen to \$656m at the end of September from \$546m three months previously, while its debt was barely changed at \$14.2bn. Romania's deposits were \$324m compared with \$319m and its debt had declined to \$4.7bn from \$5.1bn. The BIS figures showed that the big inflows of funds to the banks from Opec countries rose from \$3bn in 1976 to \$29.9bn in 1979 and \$33.9bn in 1980, falling to \$4.6bn in the first nine months of 1981. Outflows to other countries as banks recycled the funds after some delay, were \$21.5bn in 1976, \$25.8bn in 1979, \$50.8bn in 1980 and \$39.8bn in the first three quarters of last year, Reuter.

Investment chief for Mellon Bank

Mr Charles M. Keise, Jr, has been appointed chief investment officer and head of the institutional investment management division of MELLON BANK'S trust and investment department, Pittsburgh. He was senior vice-president and eastern regional manager at Callan Associates, San Francisco. Mr Keise, who will succeed Dr Herbert Culmann, who has been chairman of Lufthansa's five-man executive board since 1972, and who has asked the supervisory board to be released from office on June 30. The post of deputy chairman will then be taken over by Mr Reinhardt Abraham, technical executive board member.

Heinz Rahnan, State Secretary at the Transport Ministry of the Federal Government, to the airline's executive board as deputy chairman from April 1. On July 1 he will succeed Dr Herbert Culmann, who has been chairman of Lufthansa's five-man executive board since 1972, and who has asked the supervisory board to be released from office on June 30. The post of deputy chairman will then be taken over by Mr Reinhardt Abraham, technical executive board member.

INTERNATIONAL APPOINTMENTS

African business development division. He will be located in Riyadh. Mr Robert C. Little has been elected to the newly-created position of corporate vice-president of the executive board of McDONNELL DOUGLAS CORPORATION, St Louis, and Mr George S. Graff has retired as president of McDONNELL AIRCRAFT COMPANY. These are two of several senior management changes which became effective on April 1. Mr Donald McAlister, presently executive vice-president of McDonnell Aircraft, will succeed Mr Graff as president. Mr Harold D. Altis, presently McDonnell Douglas corporate vice-president-engineering and research, will become executive vice-president of McDonnell Aircraft. Mr Marvin D. Marks, vice-president-corporate wide programme manager-CX, will succeed Mr Altis as corporate vice-president-engineering and research.

Mr Charles I. Norman has been appointed chairman of HARBOR INSURANCE COMPANY, Los Angeles, and PACIFIC INSURANCE COMPANY on February 1. Mr Edwin V. Hughes will succeed Mr Norman as president and chief executive officer of the companies' property and casualty insurance operations on that date. Mr Norman will retire from the Harbor and Pacific companies as part of Foremark Corporation, a wholly-owned subsidiary of the Continental Corporation. At ENTERPRISE COMPANIES INC Mr John V. Melcher has been elected vice-chairman of the board and chief financial officer. Mr Harold B. Lee has been elected executive vice-president-administration. Mr John T. McWhan has been elected executive vice-president and general counsel. Mr John L. Tamerlin has been elected vice-president human resources. Mr C. R. Van Valkenburgh has been elected president and Mr Charles J. Roth executive vice-president of the Enterprise-Petrochemical Company.

Mr Alfred Powis, chairman and president Noranda Mines, and Mr Charles D. DeKeyser, chairman of the DeKeyser Company, have joined the BRASCAN board. Toronto, Mr Ted Freeman-Aitwood and Mr William Bricehead retired from the board. Mr Sol Seitzer and Mr Howard L. Waitman have resigned as directors of BRADFORD NATIONAL CORPORATION, New York. They were senior officers in charge of the company's systems and administrative services, divisions which were sold to McDonnell Douglas Company, a subsidiary of McDonnell Douglas Corporation. They have become officers and directors of McAuto Systems Group Incorporated, a subsidiary of McDonnell Douglas Automation.

The board of MONTEDISON, Milan, co-opted Mr Giorgio Porta and Mr John J. Sweeney as members and subsequently appointed both of them managing directors of the company in the sectors of basic chemicals and fine chemicals. Mr Giorgio Baldini (managing director in charge of legal affairs) and Mr Carlo Mario Grandi resigned from the board. Mr Mario G. Barbista, Mr William E. Mason, and Mr Peter E. Skiff have been named vice-presidents in the international division of INDUSTRIAL NATIONAL BANK, Providence, Rhode Island.

Advertisement for The Toronto-Dominion Bank. Features: U.S. \$100,000,000 Floating Rate Debentures Due February 1992. Lists various international branches including Morgan Stanley International, Bank of Tokyo International, Banque Nationale de Paris, Credit Suisse First Boston, Deutsche Bank, Manufacturers Hanover, Merrill Lynch International & Co., Toronto Dominion International Bank, and Saudi International Bank.

FT INTERNATIONAL BOND SERVICE table. Columns include U.S. DOLLAR STRAIGHTS, OTHER STRAIGHTS, EURO BOND TURNOVER, DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, CONVERTIBLE, and YEN STRAIGHTS. Each column contains bond listings with columns for Issued, Bid, Offer, Change, and Yield.



No person receiving a copy of this Offer for Sale and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation to him, nor should he in any event use such Application Form unless in the relevant territory such an invitation could lawfully be made to him or such Form could lawfully be used without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in such territory.

This Offer for Sale includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Amersham International public limited company ("Amersham" or "the Company"). The directors of Amersham have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement therein whether of fact or of opinion. All the directors accept responsibility accordingly. Application has been made to the Council of The Stock Exchange for the Ordinary shares of Amersham, issued and now being issued, to be admitted to the Official List. Copies of this Offer for Sale, together with the documents specified herein, have been delivered to the Registrar of Companies for registration.

# Amersham International

public limited company

## Offer for Sale

by

### N.M.Rothschild & Sons Limited and Morgan Grenfell & Co. Limited

of up to

50,000,000 Ordinary shares of 25p each at 142p per share  
of which 44,860,000 Ordinary shares are owned by

### The Secretary of State for Energy

The Ordinary shares now offered for sale rank in full for all dividends hereafter declared or paid on the Ordinary share capital of Amersham. The Application List will open at 10 a.m. on Thursday, 18th February, 1982 and may be closed at any time thereafter. The procedure for application is set out at the end of this Offer for Sale.

#### Key Information

The following information is derived from, and should be read in conjunction with, the full text of the Offer for Sale.

**Nature of Business**  
Amersham is engaged in the development, manufacture and sale of radioactive materials for use in medicine, research and industry.

**Trading Record**  
Amersham's consolidated results, taken from the Accountants' Report, are summarised below:

Years ended 31st March,	Turnover £'000	Profit before taxation £'000
1977	21,483	4,897
1978	32,722	6,656
1979	37,825	6,014
1980	41,576	4,011
1981	48,531	4,079
Six months ended 30th September, 1981	30,345	3,867

**Forecasts for the Year Ending 31st March, 1982**

Profit before taxation	£8.3 million
Profit before taxation, restated as if the shares now being issued for cash had been issued on 1st April, 1981	£9.0 million
Earnings attributable to Ordinary shareholders (actual tax)	£2.5 million
Restated earnings attributable to Ordinary shareholders (actual tax)	£6.2 million
Restated earnings per share (actual tax)	12.4p
Restated earnings per share (after notional full tax charge)	7.5p
Aggregate dividends per share (excluding the associated tax credit)	3.5p
Cover for forecast dividends based on restated earnings per share (full tax)	2.1 times

**Offer for Sale Statistics at Offer Price**

Offer price	142p
Market capitalisation	£71 million
Adjusted net tangible assets	£34.8 million
Price/earnings multiple based on the restated forecast earnings per share for the year ending 31st March, 1982:	
after actual tax charge (12.4p per share)	11.5 times
after notional full tax charge (7.5p per share)	18.9 times
Gross dividend yield on the basis of forecast gross dividends of 5p (including the associated tax credit at the current rate) for the year ending 31st March, 1982	3.5 per cent.

**Introduction**  
Amersham is a high technology company with many years' experience of using radioactive materials to manufacture a wide range of specialist products for use in hospitals, research laboratories and industry worldwide. Amersham's reputation rests on the quality of its products and technical service and on its ability to deliver these products to the user swiftly, reliably and safely wherever he may be. Amersham currently supplies over 2,500 different radioactive products to growing markets and is one of the leading manufacturers in its field. It has received The Queen's Award for Export Achievement three times, most recently in 1979. The turnover of Amersham and its subsidiaries ("the Group") in the year ended 31st March, 1981 was £48.5 million, over 80 per cent. of which was overseas. The Group employs more than 2,000 people, of whom over 500 work for the overseas subsidiaries.

**History**  
Amersham's business has its origins in a small laboratory at Amersham, Buckinghamshire, which was established in 1940 to refine radium for the manufacture of self-luminous paints used in navigational and other instruments. In 1946 it came into public ownership. Since that time it has operated as a commercial enterprise providing radioactive products for an increasing range of applications in medicine, scientific research and industry. From 1954 it became part of the operations of the United Kingdom Atomic Energy Authority ("UKAEA"). By the Atomic Energy Authority Act 1971 the business was transferred to the Company, which was formed for the purpose under the name of The Radiochemical Centre Limited and was wholly owned by the UKAEA. The Company changed its name to Amersham International Limited in May 1981 and in February 1982 was re-registered as a public limited company. In this document the name "Amersham" is also used to refer to the Company's business before the transfer in 1971.

The Group's commercial history since 1946 has involved continual expansion of its product range, customer service and geographical coverage in pursuit of market opportunities. In the 25 years from 1956 to the year ended 31st March, 1981 annual sales have grown from £0.3 million to £48.5 million. This growth has been supported by an expansion of the Group's production facilities and its overseas distribution network.

By the early 1970s, demand for the Group's products had grown to such an extent that the board could foresee the expansion of production facilities at the Company's Amersham site being restricted by lack of space and the shortage of suitable staff in the locality. As a result, the development of a major additional production facility was undertaken at Cardiff. This commenced full-scale production towards the end of 1980.

Prior to 1968, when exports had already risen to over 50 per cent. of turnover, Amersham relied on local distributors and agents overseas. By 1968, however, sales in North America had increased to a point where stronger representation was required. In that year a United States company, Amersham/Searle Corporation, was set up in conjunction with the pharmaceutical company, G. D. Searle & Co. Inc., to market Amersham's products in the United States, Canada, and Central and South America. Amersham initially held 50 per cent. of the new company. In

#### Share Capital

Authorised	Issued and now being issued fully paid
£15,000,000	£12,500,000
£1	£1

The rights attaching to the Special Rights Preference share, which is being retained by the Secretary of State for Energy, are designed to protect the status of Amersham as an independent company. A general description of these rights is given in the section entitled "The Offer for Sale". They are more fully summarised in paragraph 3(b) of Statutory and General Information below.

#### Borrowings

Save for the items disclosed in paragraph 2 of Statutory and General Information, which, including capitalised leases, amounted to approximately £13.5 million, and save for intra-Group indebtedness, neither Amersham nor any of its subsidiaries had outstanding at 15th January, 1982 any loan capital issued (or created but unissued), other borrowings or indebtedness in the nature of borrowing, or liabilities under acceptances (other than in respect of normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

January 1977 Amersham purchased the other shares in Amersham/Searle Corporation, which was subsequently renamed Amersham Corporation.

In 1971, continued growth in sales to the Federal Republic of Germany led Amersham to set up a subsidiary in the country also, Amersham Buchler GmbH & Co. KG ("Amersham Buchler"), in conjunction with Buchler & Co., which had been Amersham's distributor there since 1961. Amersham owns 60 per cent. of Amersham Buchler.

In the last ten years, Amersham has continued its policy of obtaining more direct control of overseas marketing and distribution by forming subsidiaries to take over the activities of distributors in the more important export markets. In addition to its United States and German operations, the Group now operates directly in France, Belgium, the Netherlands, Australia, and, most recently, Japan.

#### The Offer for Sale

The Atomic Energy (Miscellaneous Provisions) Act 1981, which received the royal assent in July 1981, confers on HM Government the power to dispose of the whole of the share capital of Amersham. In October 1981, in preparation for the Offer for Sale, the entire share capital was transferred from the UKAEA into the direct ownership of HM Government. On 22nd December, 1981 HM Government announced their intention to offer Amersham's equity share capital to the public by means of an Offer for Sale in order that it might develop as an independent company with a wide spread of ownership by members of the public.

HM Government are now disposing of the whole of the Ordinary share capital of Amersham. This Offer for Sale includes all the Ordinary shares which HM Government will own following the capitalisation issue referred to below (other than shares being made available to employees under the arrangements referred to in paragraph 7 of Statutory and General Information) together with new Ordinary shares to be issued for cash by Amersham to N. M. Rothschild & Sons Limited and Morgan Grenfell & Co. Limited.

In support of HM Government's expressed desire for the continuing independence of Amersham, the Articles of Association contain provisions which are designed to prevent any one person or connected group from having an interest in 15 per cent. or more of the voting share capital in issue. The capital of Amersham includes one Special Rights Preference share of £1 ("Special share") which, following the Offer for Sale, HM Government will retain. The rights attaching to the Special share will ensure that the ability of voting shareholders to vary such provisions, should they so wish, will be subject to the consent of HM Government as the holder of the Special share. The Special share may only be held by or on behalf of a Minister of the Crown and is redeemable at par at HM Government's option on or after 31st March, 1988. The Special share confers no general right to vote at meetings of shareholders nor any right to appoint directors, since it is not HM Government's wish to influence the conduct of Amersham's business. Further details of the provisions of the Articles of Association and of the rights attaching to the Special share are set out in paragraph 3 of Statutory and General Information.

Five per cent. of Amersham's issued Ordinary share capital following the Offer for Sale, being 2,500,000 shares, is reserved for employees. Of this number a maximum of 272,125 Ordinary shares will be offered free for the benefit of employees by HM Government under the special arrangements described in paragraph 7 of Statutory and General Information. The balance, together with any shares in respect of which such offers are not accepted, will be reserved for application by employees. Any reserved shares not taken up by employees will be available for public applications.

In relation to the sale of publicly owned assets by HM Government, the Labour Party Conference in October 1979 passed a resolution which called upon the Parliamentary Labour Party "to declare that any activities hived off will be taken into public ownership by the next Labour Government without compensation".

#### Business Scientific background

The atomic nucleus of any chemical element consists of neutrons and protons, the number of protons determining the chemical properties of the element. Most elements exist in two or more forms depending on the number of neutrons in their nuclear structure, whilst remaining identical in their chemical properties. Such variants are known as isotopes. Only a relatively small number of the possible combinations of neutrons and protons are stable. Those that are not stable undergo spontaneous transformation, accompanied by the emission of nuclear particles and other radiation at rates which decline over time. These are known as radioactive isotopes or radioisotopes.

There exists a number of industrial and medical applications, such as radiotherapy, which are based on the specific properties of the radiation associated with particular radioisotopes. However, the importance of radioisotopes to Amersham's business lies in the fact that they behave chemically in the same way as the corresponding stable isotopes but, due to their radioactivity, are detectable by appropriate instruments, such as gamma cameras or scintillation counters. Consequently a substance incorporating the appropriate radioisotopes may undergo both physical and chemical changes yet remain detectable and identifiable. This gives rise to a wide range of uses for radioisotopes in carrying out chemical research and medical diagnosis.

The rate of radioactive decay and the properties of the emitted radiation are factors unique to each radioisotope with considerable variations between radioisotopes. Great selectivity is therefore necessary in order to make full commercial use of radioactivity. Although a few

#### Directors

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**Principal Bankers**  
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**Stockbrokers**  
Cazenove & Co., 12 Tokenhouse Yard, London EC2 and The Stock Exchange

**Registrars and Transfer Office**  
Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex

**Solicitors to Amersham**  
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**Receiving Bankers**  
National Westminster Bank PLC, New Issues Department, PO Box No. 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD

radioisotopes are obtainable from natural sources, most have to be manufactured artificially by irradiating appropriate substances with nuclear particles in, for example, a nuclear reactor or a cyclotron.

**Products**  
Amersham's products are used to diagnose and treat disease, to advance man's knowledge of living systems and as key components in a wide range of industrial processes and control systems. During the six months ended 30th September, 1981 the proportion of turnover (which was broadly in line with the proportions experienced during the preceding two years) attributable to each of these three main categories, medical, research and industrial, was as follows:

Medical products	49
Research products	34
Industrial products	17
	100

As most of Amersham's research products are for the use of researchers in medicine and related sciences, over 75 per cent. of turnover is of products used either directly or indirectly in the field of health care.

**Medical products**  
Amersham's medical products are used primarily in diagnosis and are divided between radiopharmaceuticals and clinical reagents. Amersham also supplies materials for use in radiotherapy, in which the patient receives radiation treatment, normally for malignant diseases.

**Radiopharmaceuticals**  
Amersham manufactures radiopharmaceuticals which are used in the *in vivo* diagnostic procedure known as nuclear imaging. They are given to the patient by mouth or injection. The distribution of the radioisotopes within the patient's body may then be monitored by means of a gamma camera enabling physiological measurement of the flow and volume of body fluids and the detection of abnormalities in various organs. Nuclear imaging produces scans which can make the diagnosis of certain diseases more efficient and complete than other procedures.

Radioisotopes for use in *in vivo* diagnosis must be weak in terms of the radiation emitted and must clear the body quickly. One of the few isotopes to meet these criteria is technetium-99m. Radiopharmaceuticals based on this isotope offer valuable diagnostic information for bone, liver and lung investigations. Other important radiopharmaceutical products include thallium-201 and iodinated fibrinogen. Amersham supplies both in vials ready for intravenous injection, the former for the diagnosis of heart disease and the latter for the detection of post-operative thrombosis.

Because of their rapid rate of radioactive decay many of these products have a useful life measured only in days. This means that great importance is attached to the speed and efficiency of the Group's distribution system.



# Amersham International continued

## Clinical reagents

The clinical reagents manufactured by Amersham are used in *in vitro* diagnosis. This is a rapidly expanding area of application for radioisotopes in medical diagnosis and involves no administration of radioactivity to the patient. Instead, samples of body fluids are examined in the laboratory by radioimmunoassay, a clinical technique which offers extremely high sensitivity and selectivity through the combined use of radioactivity and immunological reactions. Using this procedure it is possible to measure in only one drop of a patient's blood components, such as protein hormones, present in minute amounts, and to do so routinely, quickly and accurately.

Amersham markets some thirty diagnostic kits based on this principle. In obstetrics and gynaecology they are used for obtaining biochemical data on which the treatment of infertility is based, for determining foetal status and for identifying high risk pregnancies. They are used for the assessment of thyroid status, as controls in the management of long term thyroid disorders, for classifying common anaemias and for regulating the drug regime in epilepsy and diabetes.

## Research products

Amersham manufactures a wide range of products for the use of researchers in medicine, biochemistry, agriculture and the physical sciences. For the most part these are in the form of "labelled compounds", which are chemicals, such as amino acids, in which radioactive atoms have been substituted for non-radioactive atoms. These can then be used as tracers in the study of complex reactions and biological processes. Their use has yielded considerable information to scientists about the metabolism of living cells and the genetic materials which they contain. They are essential and widely used tools in research in the general field of molecular biology.

The four main isotopes involved are carbon-14, tritium (radioactive hydrogen), sulphur-35 and phosphorus-32. Amersham believes that it is the world's leading supplier of sulphur-35 methionine, a labelled amino acid which is considered an essential tool in increasing understanding and knowledge of protein synthesis and the precise functions of different proteins in cells. Its development of a new range of phosphorus-32 products, offering higher radioactive concentrations whilst retaining the high quality, biological activity and stability of earlier products, has enabled Amersham to consolidate its position as a leading supplier of radiochemicals for molecular biology.

Amersham maintains a supply of over 1,500 labelled compounds and in addition offers its customers a preparation service providing research chemicals tailored to their specific requirements. Amersham is independent of any of the major pharmaceutical companies and is, therefore, well placed to provide a confidential service to customers in that industry for the assessment of the properties and effects of new drugs.

Success in these markets, which have continually changing technical requirements, depends on creating close links with the research community. Amersham is widely recognised by biological scientists as a technical leader in this field and is respected for its high standards of quality and service.

## Industrial products

Amersham currently has over 600 specialised products used as radiation sources in industry. These contain radioisotopes in forms from which the required radiation is emitted while the radioactive material itself remains securely fixed and resistant to mechanical or chemical damage. The form that the source takes depends on many factors including the type and energy of radiation required as well as the purpose of the equipment for which the source is intended.

Radioisotopes are used in industrial gauges for measuring the thickness of sheet materials and coatings, in smoke detectors, in devices for eliminating static electricity, for weld analysis and for a wide range of applications in process control. The comparatively long life of the products means that here, as distinct from Amersham's other markets, the frequency of replacement buying is low.

## Product development

Amersham's future depends on maintaining a flow of new products to meet the changing needs of its customers, particularly in the fields of health care and scientific research where the pace of change is greatest. Group policy is to invest in product innovation and process improvement at a level (currently over 7 per cent. of its sales revenue) which is designed to enable it to retain and enhance its market position. Most of the Group's research work is carried out at Amersham and out of the total of 157 employees engaged full time on research and development, 91 are graduates and, of those, 57 hold post-graduate qualifications. These are mostly chemists and biochemists but include a number of other specialists such as physicists and metallurgists.

The main developments in the medical field have been in response to the major new market for diagnostic kits based on radioimmunoassay techniques. Amersham launched the world's first commercial radioimmunoassay kit in 1965. Since 1965, the development of new and improved kits has continued and this business has grown to such an extent that these products currently contribute almost one third of total Group sales. In the five years ended 31st March, 1981, 21 new or improved radioimmunoassay kits were launched. At the same time, work on radiopharmaceuticals for *in vivo* diagnosis has continued, the main recent development being the successful production of thallium-201 using Amersham's cyclotron.

In the field of research products much of the work is aimed at extending the product range (during the year ended 31st March, 1981 70 new products were added to the research chemicals catalogue) and improving product specifications. Full use is made of up to date methods of analysis and chemical separation procedures such as high performance liquid chromatography. The current emphasis is on products, both radioactive and non-radioactive, for applications in molecular biology, including recombinant DNA work.

Development work on industrial products is concentrated on improving processing techniques and product specifications.

Future developments will continue to rely on the maintenance of a close association and continual dialogue between the Group's staff and users in the forefront of research and on good market intelligence, clear product definition and an efficient development system. Amersham recognises that many new technologies, such as monoclonal antibody production, recombinant DNA and non-radioactive methods of immunoassay, are likely to assume a growing importance in the Group's fields of interest. An increasing proportion of the Group's growing research expenditure is being committed to the exploration of these new areas of technology in order that they can be fully exploited within the context of the Group's business.

The strength of Amersham resides in its ability to develop a flow of up to date products rather than in a proprietary position based on the existence of patents. At present, few of Amersham's products are fully protected by patents and less than 10 per cent. of the Group's sales are of products with some patented features or the subject of patent applications. However, it is Group policy to take out patents where this is appropriate to protect major products or groups of products and since 1971 the Company has applied for patents in the United Kingdom and major countries overseas for upwards of 50 inventions concerning new products and applications. The Group is now entering fields where there is considerable patenting activity and, as a result, patents and licensing by and to the Company are becoming increasingly relevant.

## Marketing and distribution

Amersham's business requires a high level of technical service and attention to the particular needs of its customers in different geographical and product markets. Sales promotion is carried out for the most part through personal contact by Group representatives or those employed by Amersham's overseas distributors.

Amersham is long established as the leading supplier in its product fields in the United Kingdom. However, the markets for its products are international and the Group trades actively overseas. In each of the four years ended 31st March, 1981 over 80 per cent. of Group turnover was outside the United Kingdom. The Group is not dependent on any individual customer for a significant proportion of its overall sales.

The percentage of turnover by geographical area in the six months to 30th September, 1981 was as follows:

North America	27
United Kingdom and Republic of Ireland	17
Federal Republic of Germany	15
Other Western European countries	17
Japan	9
Rest of the World	15
<b>Total</b>	<b>100</b>

The table above is indicative of the relative importance of each geographical area to the Group's turnover, although the precise proportions vary between trading periods.

The Group's most important markets abroad are those in North America and the Federal Republic of Germany, where Amersham's principal overseas subsidiaries, Amersham Corporation and Amersham Buchler, are situated. These employ nearly 50 per cent. of the Group's worldwide marketing and sales staff. Sales to Japan, though smaller, are growing rapidly and in 1981 Amersham Japan Limited was established to market the Group's research and industrial products in that country. In addition, Amersham has overseas marketing subsidiaries in France, Belgium, the Netherlands and Australia and a network of some 40 distributors and agents in other countries.

Most of the Group's customers require products to be supplied at short notice and, as a result, there is a very short order book. Each day up to 1,500 orders are received in the United Kingdom for destinations in many different parts of the world. In addition many of Amersham's products have a useful life measured in weeks or days, so that the ability to hold stocks is limited. Production facilities are, therefore, capable of manufacturing relatively small quantities at short notice and distribution facilities have to be organised to ensure that such products can be delivered to customers, wherever they may be in the world, in the shortest possible time. Amersham's facilities are designed to meet these customer service requirements and are sited with ready access to motorways and airports to permit rapid delivery.

## Production

Amersham's principal production facilities are located in the United Kingdom. The major sites are at Amersham and Cardiff with smaller operations at Gloucester and in premises owned by the UKAEA at Harwell. Some production is undertaken locally in the United States and in the Federal Republic of Germany.

The main site at Amersham is used for the manufacture of radiopharmaceuticals, industrial products and the short-lived labelled compounds which form part of the Group's range of research products. Many of the radioisotopes used within the Group are produced in the UKAEA's nuclear reactors at Harwell, where the Company maintains a small staff to control the arrangements for irradiation. Further details concerning the Company's use of facilities at Harwell appear in paragraph 9 of Statutory and General Information. In addition, the Company has its own cyclotron facilities at Amersham, which produce a range of radioisotopes for the production of which nuclear reactors are not suitable. The first cyclotron became operational in 1966. An additional cyclotron is currently being installed and is planned to come into operation in 1982. It will have a much larger production capacity than the existing cyclotron. The Company also purchases some radioisotopes from other sources.

The Company's new purpose-built facilities at Cardiff, adjoining the M4 motorway access north of the city, have been developed at a capital cost of over £20 million. All production of clinical reagents and long-lived labelled compounds has now been transferred to this site, although the radioactive material for use in the preparation of these products comes from Amersham. Space exists at Cardiff for the development of additional facilities to accommodate

further increases in production. Additional warehouse expansion is planned but the existing facilities there have adequate production capacity in the medium term.

At Gloucester a small staff is engaged in the production of non-radioactive components for use in clinical reagents and diagnostic kits. The production carried out by Amersham's subsidiaries in the United States and the Federal Republic of Germany consists mostly of finishing products manufactured in the United Kingdom but also includes some manufacture to meet local needs.

Amersham uses sole suppliers for some of its principal raw materials. However, alternative sources of supply are available, although they are in some cases limited given the specialised nature of these materials.

## Statutory regulation and insurance arrangements

Amersham is required to comply with a number of detailed statutory provisions and regulations, by virtue of the nature of its business, as well as those of general application to industrial and commercial enterprises.

In the United Kingdom, these deal, amongst other things, with the processing, packaging and transport of radioactive substances (including controls on imports and exports), the construction, operation and licensing of its installations, the protection and safety of its workforce and the general public, the storage and disposal of radioactive materials and waste, and strict public liability in respect of certain incidents involving radioactivity. In addition, other statutory provisions and regulations dealing with testing, licensing, manufacturing practices and certain other aspects relating to pharmaceutical products and drugs apply to the sector of Amersham's business concerned with health care.

Similar regulations and requirements apply in many of Amersham's overseas markets. There are a number of international bodies and national agencies overseas which supervise the regulatory aspects of the conduct of its affairs.

The Nuclear Installations Act 1959 prohibits persons from using any site in the United Kingdom for the processing or storage of nuclear matter unless an appropriate licence has been obtained. The Company currently holds four such licences in respect of its premises at Harwell, Amersham and Cardiff. These licences can be revoked at any time by the Health and Safety Executive but the Company is not aware of any circumstances which might cause any of its licences to be revoked. Nuclear sites are subject to frequent inspection by the Nuclear Installations Inspectorate of the Health and Safety Executive and the Company regularly carries out work to ensure that it continues to comply with the relevant regulations.

The Nuclear Installations Act also provides that any person suffering injury or damage as a result of occurrences involving radioactivity, in respect of which strict liability is imposed on licensees of nuclear sites, has subject to certain conditions and exclusions, a statutory right to compensation. Liability of the licensee is generally limited to an aggregate of £5,000,000, excluding interest and costs, per site for each period throughout which a licence is in force. Licensees are obliged to cover their liability under these provisions by insurance or some other means approved by HM Government and this is achieved by Amersham mainly through insurance. In view of these arrangements and the conventional insurance cover which it maintains, Amersham considers that, subject to no major changes in foreign statutes, international treaties and regulatory standards or United Kingdom legislation, it carries satisfactory insurance cover for all major risks, including product liability, which would normally be expected to be the subject of insurance in an undertaking of its nature.

## Directors, Management and Employees

### Directors

Sir John Hill, aged 60, has been non-executive chairman since January 1975. He was chairman of the UKAEA from 1967 to February 1981 and has been chairman of British Nuclear Fuels Limited since 1971.

Dr. J. S. Burgess, aged 52, is group managing director and chief executive, having been appointed to this position in 1979. He joined Amersham in 1953 working as a development and production chemist, and later became the marketing controller. He was appointed to the board in 1973. For two years between 1975 and 1977 he was president of Amersham Corporation. From 1977 to 1979 he was group marketing controller.

Dr. C. C. Evans, aged 63, is deputy managing director. He has served with Amersham for 33 years. He spent three years with Amersham/Searle Corporation from 1968 and was appointed a director of the Company in 1971 and to his present position in 1972.

Mr. W. H. Ellaby, aged 46, is director of finance. He joined Amersham in 1970 as financial controller and became a director in 1973.

Mr. A. M. Hamilton, aged 53, is director of commercial operations. He joined Amersham in January 1980 from Bestobell Limited, where he was an executive director. He was appointed to the board in October 1980.

Mr. J. Stevenson, aged 53, is director of United Kingdom operations. He has served with Amersham for 31 years. In 1974 he became general manager of the Amersham site. He was appointed to his present position in 1979.

Mr. A. M. Allen, aged 57, is a non-executive director. He is deputy chairman of the UKAEA and was appointed to the board of the Company in 1971.

Mr. C. M. Beddow, aged 61, is a non-executive director. He is chairman of London & Midland Industrials PLC and a non-executive director of several other public companies. He was appointed to the board of the Company in 1973.

Dr. D. H. Pringle, aged 56, is a non-executive director. He is chairman and managing director of Scientific & Electronic Enterprises Limited, a company which he founded in 1980. He was appointed to the board of the Company in 1978.

### Management

The group managing director is advised by an executive committee comprising the executive directors and the following five senior members of management:

Mr. J. L. Castello, aged 45, is President of Amersham Corporation and a United States citizen. He joined the Group in 1977 from Abbott Laboratories where he had extensive experience in marketing and production, his last position being that of general manager, Abbott Scientific Products Division.

Dr. J. C. Charlton, aged 57, is technical development controller. He has served with Amersham for 30 years and was appointed to his present position in 1978.

Mr. D. Kitchen, aged 41, is personnel controller. He spent 10 years with HAY MSL Limited before joining Amersham in 1980.

Dr. J. C. Maynard, aged 49, is general manager, Cardiff. He has served with Amersham for 25 years and was appointed to his present position in 1977.

Mr. A. Youd, aged 56, is company secretary. Before joining Amersham in 1963, he worked at the UKAEA in staff and labour management, corporate planning and general administration.

### Employees

At 31st December, 1981 the Group's employees numbered 2,049. They can be classified as follows:

	Production, development and support	Marketing and sales	Finance, personnel and administration	Total
United Kingdom	1,077	170	284	1,531
North America	111	110	32	253
Federal Republic of Germany	84	74	22	180
Other countries	11	50	24	85
<b>Total</b>	<b>1,283</b>	<b>404</b>	<b>362</b>	<b>2,049</b>

The nature of Amersham's business requires a high level of qualification in its staff. About one third of those employed in the United Kingdom possess at least one university degree.

Approximately 85 per cent. of employees in the United Kingdom are members of a trade union. The great majority belong to Civil Service staff associations, the rest to the Transport and General Workers Union or the Amalgamated Union of Engineering Workers, all of which are recognised by Amersham. The Company has an excellent record of industrial relations.

Amersham has instituted a Share Participation Scheme and a Save-as-you-Earn Share Option Scheme for eligible United Kingdom employees. Details of these schemes are contained in paragraph 8 of Statutory and General Information. It is intended to offer the first options under the Share Option Scheme shortly. Shares will be made available by HM Government for the benefit of employees under the Share Participation Scheme at the time of the Offer for Sale under the special arrangements set out in paragraph 7 of Statutory and General Information, but it is not intended that Amersham should make available any part of its profits for the acquisition of shares under this Scheme until 1983 at the earliest.

### Pensions

Almost all present United Kingdom employees are contributory members of the superannuation schemes of the UKAEA. Retirement benefits consist primarily of pensions which are based on one eighth of pensionable final earnings for each year of service, and are then index-linked to maintain their purchasing power, together with lump sum retirement grants based on three eighths of pensionable final earnings for each year of service. Members are contracted out of the earnings-related part of the State pension scheme.

Contributions are paid to and benefits are paid by HM Government through the UKAEA. The scheme accounts are credited with a return based upon a notional portfolio of index-linked and other British Government and local authority securities.

Amersham is liable to make contributions to the schemes as required by the UKAEA on the advice of the Government Actuary. In accordance with his recommendations the contributions for the year ending 31st March, 1983 are expected to be at an average rate of 10.6 per cent. of estimated pensionable earnings, which is not significantly different from the rate for the current year. About £400,000, which is some 30 per cent. of the Company's contributions for the year ending 31st March, 1983, will be required towards the amortisation of uncovered past service liabilities over the period to 31st March, 2002. R. Watson & Sons, Consulting Actuaries, estimate that, as at the dates of the latest valuations of the two principal schemes by the Government Actuary (March 1979 and March 1980 respectively), there were deficiencies on a discontinuance basis in respect of Amersham amounting to £3.4 million and £0.2 million, the degree of asset cover being 86 per cent. and 78 per cent. respectively. R. Watson & Sons are of the opinion that the recommended levels of contribution are appropriate.

Amersham staff offered employment after 2nd December, 1981 now join a new funded Company pension scheme. This provides a pension for each year of service based on one sixth of final pensionable salary, which is final basic salary less a deduction in respect of basic State benefits. Pensions in course of payment will be increased to a limited extent to offset the effects of inflation. The maximum level of increase for which provision is made under the rules is 7 per cent. per annum but further increases may be made at the discretion of the Trustees subject to the availability of resources within the scheme. Members of the scheme are contracted out of the earnings-related part of the State pension scheme. R. Watson & Sons have advised that they expect the percentage rate of contribution payable by the Company to the new scheme to be broadly equivalent to the rates currently being paid to the UKAEA schemes.

R. Watson & Sons are of the opinion that the provisions made for pensions for overseas employees of the Group are on bases consistent with those normally prevailing in the relevant countries of employment.

## Proceeds of the Issue, Net Assets and Working Capital

As part of the Offer for Sale, Amersham is issuing 5,140,000 Ordinary shares for cash at the offer price, thus raising £7.3 million gross. Of this amount, £1.6 million is being applied in repaying HM Government loans at par; and the net proceeds, after this application and after deducting those expenses of the Offer for Sale which are payable by Amersham, will amount to approximately £5 million. The purpose of the issue is to increase the resources available to the Group generally which, apart from normal working capital requirements, are being used in a continuing programme of improving the facilities used by the Group. Although there are no major capital expenditure projects presently planned, other than a new headquarters building to be constructed over the next two years, there is a regular requirement for investment in new plant and equipment to support the growth of the business. Total capital expenditure in the current financial year will amount to approximately £5 million and the directors expect expenditure to be at about £7 million in each of the next two financial years.

The net assets attributable to the shareholders of Amersham, based on the consolidated historical cost accounts at 30th September, 1981, adjusted to take account of the proceeds of the issue referred to above, amount to £24.8 million.

The directors of Amersham are satisfied that, taking into account the net proceeds of the issue and available bank facilities, the Group has sufficient working capital for its present requirements.

## Past Profits

The following table, based on the Accountants' Report, summarises the results of Amersham and its subsidiaries on the historical cost basis for the five years ended 31st March, 1981 and the six months ended 30th September, 1981.

	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1981	1981
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	21,483	32,722	37,825	41,576	48,531		30,345
Trading profit before interest (see note)	4,873	6,747	6,284	4,908	6,307		4,675
Relocation costs	—	—	—	—	(488)		(708)
Interest	24	(91)	(250)	(897)	(1,740)		(708)
Profit before taxation	4,897	6,656	6,034	4,011	4,079		3,667
Taxation	1,547	2,094	(391)	1,234	1,412		983
Profit after taxation	3,350	4,562	6,405	2,777	2,667		2,684
Minority interests	390	519	688	516	491		508
Profit attributable to shareholders of the Company	2,960	4,043	5,717	2,261	2,176		2,576

Note: The trading profit before interest for the year ended 31st March, 1977 includes the Group's share of the results of Amersham Corporation as an associated company up to the time of its becoming a subsidiary in January 1977.

Turnover expressed in sterling terms has increased over the five and a half year period shown in the above table at an average compound rate of approximately 20 per cent. per annum. This growth reflects a sustained increase in volume estimated at over 10 per cent. per annum. Sales both in the United Kingdom and overseas have increased notwithstanding the strength of sterling over much of this period and the increasing competition experienced by the Group.

It is a feature of the Group's business that while approximately three quarters of its costs are incurred in the United Kingdom and are susceptible to United Kingdom inflation, 80 per cent. of Group sales are made overseas. As a result when sterling strengthens, particularly against the United States dollar, the Group's margins tend to be reduced. Conversely, margins tend to increase when sterling weakens.

Amersham sells in overseas markets mainly in competition with local or United States based suppliers and, in the period under review, it has not been able to increase its prices to the extent necessary to compensate fully for the rise in United Kingdom costs. This, coupled with the strengthening of sterling, caused a reduction in trading profit margins particularly in the years ended 31st March, 1980 and 1981.

The record shown by the table has also been affected by the writing off as incurred of pre-production expenditure in connection with the development of the new plant at Cardiff. Substantial pre-production expenditure was incurred in the four years ended 31st March, 1981, particularly in the two years ended 31st March, 1981. In each of which such expenditure was of the order of £1 million; this was in addition to the relocation costs shown in the table above. Almost all of the interest payable was incurred as a direct result of increased borrowings which formed part of the finance for the development at Cardiff, a further part of the finance being provided by an issue in 1977 of new Ordinary shares which raised £5 million.

From the year ended 31st March, 1980 onwards, the taxation charge shown in the above table relates principally to tax payable overseas and advance corporation tax in the United Kingdom. As is explained in the Accountants' Report, the reason for the taxation credit in the year ended 31st March, 1979 was that substantial capital allowances, which could not be used against the taxable profit of that year, gave rise to repayments of tax paid in previous years. Tax on profits after 30th September, 1981 will be reduced by up to approximately £2.2 million (assuming the continuance of the current corporation tax rate) arising from tax losses. In addition the Company has unrelieved advance corporation tax of approximately £1.6 million.

The current cost accounts included in the Accountants' Report show proportionately smaller current cost operating adjustments than those of many other manufacturing companies. The principal reasons for this are the Group's relatively low level of stocks compared with turnover and the fact that a large proportion of the Group's fixed assets has been acquired in recent years.

## Current Trading and Profit Forecasts

The profit before taxation for the six months ended 30th September, 1981, amounting to £3,867,000, reflected particularly the recent weakening of sterling and also the fuller use of the new production facilities at Cardiff. The improvement in results experienced in the first half of the current year is continuing, with activity at a high level. On the bases and assumptions set out in Profit Forecasts: Assumptions and Letters below, the directors forecast that, in the absence of unforeseen circumstances, the Group's profit on the historical cost basis for the year ending 31st March, 1982 will be not less than £8.3 million before taxation and not less than £5.5 million after taxation and minority interests.

The directors estimate that, if the Group had had the benefit throughout the year of the funds being raised by the issue for cash of additional share capital (net of expenses and the HM Government loan repayments) and had earned interest at 14 per cent. per annum on this sum, the Group's restated profit on the historical cost basis for the year ending 31st March, 1982 would be not less than £9.0 million before taxation and not less than £6.2 million after taxation and minority interests.

On the basis of the number of Ordinary shares which will be in issue following the Offer for Sale, this restated forecast profit represents earnings of 12.4p per share, giving a price/earnings multiple of 11.5 at the offer price. If a notional full tax charge is applied, the resulting earnings per share would be 7.5p, giving a price/earnings multiple of 18.9 at the offer price.

The directors expect that the current cost accounting adjustments to the Group's profit for the year ending 31st March, 1982 will be of broadly the same amount as the adjustments made in respect of the previous year.

## Dividends

The Company has already paid interim dividends to HM Government in respect of the current year which are equivalent to dividends of 1.4p per Ordinary share.

On the basis of the profit forecasts set out above, the directors expect, in the absence of unforeseen circumstances, to recommend a final dividend in respect of the current year of 2.1p per Ordinary share payable in August 1982. Together with the interim dividends, this would represent an aggregate payment of 3.5p per Ordinary share which is equivalent, together with the associated tax credit at the current rate, to 5p gross per Ordinary share.

This level of dividends, together with the associated tax credit, would give a gross dividend yield of approximately 3.5 per cent. at the offer price and would be covered 2.1 times by the restated forecast earnings per share on a notional full tax basis.

It is expected that in future years interim and final dividends will normally be payable in January and August respectively.

## Prospects

As previously stated, the combination of over 80 per cent. of sales being made overseas with the bulk of the costs being incurred in the United Kingdom means that Amersham's profits are affected significantly by movements in the sterling exchange rate. The directors estimate that, given the current level of overseas sales, if sterling was weaker or stronger for a full year by 5 per cent. in relation to the currencies of the countries which constitute the Group's main export markets, the Group's trading profit would be respectively higher or lower by approximately 10 per cent.

Over 75 per cent. of the Group's business is related to health care, either directly in the case of medical products or indirectly through the supply of research products. These two markets are expected to grow faster than that for industrial products and the Group's business in this last sector, although continuing to grow at a modest rate, will become a decreasing proportion of the total.

The directors believe that new applications for radioactive products in medical diagnosis will continue to be identified for at least the next ten years. At the same time, an increasing proportion of the present clinical reagent market is likely to be served by immunoassay techniques using other methods of detection than radioactivity. The Company plans to respond fully to both these opportunities because continuing success in medical diagnostics is essential to the achievement of Amersham's growth objectives. The Group will invest an increased share of its revenue in the development of both radioactive and non-radioactive products and in new technologies.

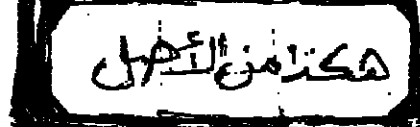
Labelled compounds are expected to remain an essential tool for the research chemist and the Company believes that the demand for its research products will continue to grow at present rates for some years. In addition, new trends in biotechnology are creating a market for related non-radioactive specialised chemicals which the Company plans to provide as part of its service to the research user.

Although spread worldwide, the Group's sales are concentrated in the more technologically advanced countries. Among these, the United States and Japan offer special opportunities. The Group's market shares are lower there than in other major markets. Despite keen competition, Amersham plans to improve its position in both these markets while remaining one of the leading suppliers to Europe and the rest of the world.

Amersham is a specialised high technology company operating close to the frontiers of knowledge in medicine and biochemistry. The directors believe that Amersham is well placed to recognise and respond to new scientific developments as they occur and that its prospects for growth are good.

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# Amersham International continued

## Accountants' Report

The following is a copy of a report received from Coopers & Lybrand, the Company's auditors and reporting accountants.

The directors of Amersham International public limited company (the Company) have requested the Secretary of State for Energy, N.M. Rothschild & Sons Limited, Morgan Grenfell & Co. Limited.

We have examined the audited accounts of Amersham International public limited company (the Company) and its subsidiaries (together referred to as "the Group") for each of the five years ended 31st March, 1981 and for the six months ended 30th September, 1981. Audited accounts of the Group have not been prepared in respect of any subsequent period.

We have acted as auditors of the Group for the whole of the period referred to above. The financial information set out in this report is based on the accounts referred to above, after making such adjustments as we consider necessary.

In our opinion, the financial information set out below under Historical Cost Accounts gives a true and fair view of the profits and source and application of funds of the Group for the five years ended 31st March, 1981 and the six months ended 30th September, 1981 and of the state of affairs of the Company and the Group at 30th September, 1981, according to the historical cost accounting convention as explained in the Accounting Policies.

In our opinion, the supplementary current cost information set out below under Current Cost Accounts for the two years ended 31st March, 1981 and the six months ended 30th September, 1981 has been properly prepared, in accordance with the policies and methods described thereunder, to give the information required by Statement of Standard Accounting Practice No. 16 ("SSAP 16").

## Historical Cost Accounts

### Accounting policies

The significant accounting policies adopted by the Group are as follows:

**Accounting convention**  
The financial information has been prepared in accordance with the historical cost convention with the exception of certain fixed assets which are stated at a valuation.

**Consolidation**  
The consolidated accounts comprise the results of the Company and all of its subsidiaries. Goodwill arising on consolidation is written off against reserves.

**Foreign currencies**  
The accounts of the overseas subsidiaries are translated into sterling at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening share capital and reserves of such companies are dealt with through reserves; exchange differences on other items are dealt with in arriving at profit.

**Research and development expenditure**  
Research and development expenditure is written off as it is incurred.

**Pre-provision expenditure**  
Pre-provision expenditure, including interest, relating to the new laboratories at Cardiff has been written off as it has been incurred.

**Fixed assets**  
Depreciation is calculated by the straight line method, from the beginning of the half year following that in which the assets are first brought into use, at the following annual rates:

Land Nil  
Plant and equipment 25 per cent. (prior to 1979/80 - 5 per cent.)  
Plant and equipment 25 per cent. (prior to 1979/80 - 5 per cent.)  
Useful life. The majority is depreciated at 10 per cent.

Investment grants, which include regional development grants in the United Kingdom, have been treated as deferred credits and are released to profit at the same rate as the depreciation charge.

Plant and equipment costing under £500 and repairs and renewals are written off as the expenditure is incurred.

**Leased assets**  
Leased assets are accounted for in accordance with the proposed Statement of Standard Accounting Practice "Accounting for Leases and Hire Purchase Contracts" ("ED 29"). Accordingly, assets acquired under finance leases as defined by ED 29 and the related capital element of rental obligations are included in the balance sheet. The interest element is charged against profit in proportion to the reducing capital element outstanding. The assets are depreciated over the shorter of the lease term and the useful lives of the assets.

**Stocks**  
Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first-in, first-out basis, and includes all direct expenditure and, in the case of manufactured items, production overheads based on the normal level of business activity. Net realisable value is the price at which the stocks can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the costs of conversion. Provision is made for obsolescence and slow moving stocks and for radioactive decay.

**Taxation**  
Taxation charged against profits is calculated at the appropriate local rate of tax for each company. Provision is made for deferred taxation using the liability method, except to the extent that such taxation is not expected to become payable within the foreseeable future. No such provisions have been required in the period under review.

**Pensions**  
Pension arrangements within the Group have been separately established by each company. Except for the German subsidiary, which provides indemnity for future pensions, Group pensions are externally funded. Actuarial valuations are made regularly and contributions are adjusted as appropriate. In the case of the schemes administered by the United Kingdom Atomic Energy Authority ("UKAEA"), uncovered past service liabilities are being amortised and charged against profit over the period to 31st March, 2002.

## Profit and Loss Accounts

The consolidated profit and loss accounts of the Group for the five years ended 31st March, 1981 and the six months ended 30th September, 1981 are set out below:

Note	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1980	1981
(a) Turnover	5,000	5,000	5,000	5,000	5,000	5,000	5,000
(b) Cost of sales	17,084	25,975	37,826	41,578	48,531	30,245	35,770
(c) Trading profit	4,399	6,747	6,294	4,908	6,307	4,575	4,575
(d) Relocation costs	24	(91)	(250)	(897)	(1,740)	(708)	(708)
(e) Profit before taxation	4,897	6,656	6,044	4,011	4,079	3,867	3,867
(f) Profit after taxation	3,350	4,562	4,405	2,777	2,887	2,884	2,884
(g) Minority interests	380	519	688	516	491	308	308
(h) Profit attributable to shareholders of the Company	2,970	4,043	5,717	2,261	2,176	2,576	2,576
(i) Dividends	129	719	762	722	722	1,828	1,828
(j) Profit retained	2,841	3,324	4,955	1,539	1,454	1,948	1,948

## Movements on Reserves

The movements on reserves of the Group are set out below:

Note	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1980	1981
(a) Reserves at beginning of period	5,478	8,901	12,059	16,579	17,779	18,802	18,802
(b) Profit retained for the period	2,841	3,324	4,955	1,539	1,454	1,948	1,948
(c) Exchange difference on translation of opening share capital and reserves of overseas subsidiaries	147	(166)	(386)	(329)	(315)	1,138	1,138
(d) Revaluation of assets	708	—	—	—	—	—	—
(e) Reserves at end of period	8,901	12,059	16,579	17,779	18,802	21,888	21,888

**Notes**  
(a) Turnover Turnover which excludes sales between Group companies, consists of sales at invoiced value net of discounts, returns and value added tax.

(b) Cost of sales Cost of sales includes the following items:

Note	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1980	1981
(a) Depreciation (net of release from investment grants): owned assets	544	1,118	1,104	1,084	1,451	916	916
(b) Interest on finance leases	—	—	—	—	105	113	113
(c) Hire of equipment (excluding finance leases)	128	202	306	368	392	284	284

(c) Relocation costs This amount represents the costs of relocating staff from Amersham to Cardiff.

(d) Interest The net income/(charge) for interest is made up as follows:

Note	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1980	1981
(a) Interest receivable	186	194	117	234	121	130	130
(b) Interest payable: on loans and bank overdrafts	(162)	(255)	(367)	(1,131)	(1,828)	(749)	(749)
(c) Interest of lease finance	24	(91)	(250)	(897)	(1,740)	(708)	(708)

(e) Share of profit of associated company This amount represents the Group's share of the results of Amersham Corporation up to the time of its becoming a subsidiary in January 1977.

(f) Taxation The taxation charge, which is based on the profit for the periods, comprises:

Note	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1980	1981
(a) United Kingdom: Corporation tax at 52 per cent. (less below)	851	1,001	(1,875)	322	322	269	269
(b) Advance corporation tax	—	—	—	—	—	—	—
(c) Adjustment of prior years on sale and leaseback of assets acquired in 1979	(95)	(9)	—	(123)	—	—	—
(d) Overseas: Corporation tax	555	89	1,082	988	839	714	714
(e) Tax charge for period	236	(105)	(16)	47	25	—	—
(f) Associated company	1,547	2,064	(381)	1,234	1,412	963	963

Amount by which the taxation charge for the period has been reduced by accelerated capital allowances and short term timing differences:

Note	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1980	1981
(a) Accelerated capital allowances and short term timing differences (less below)	874	1,213	3,748	3,307	563	681	681
(b) Tax losses	—	—	—	—	—	—	—
(c) Tax losses carried forward	—	—	—	—	—	—	—
(d) Tax losses available for carry forward	—	—	—	—	—	—	—
(e) Tax losses available for carry forward	—	—	—	—	—	—	—
(f) Tax losses available for carry forward	—	—	—	—	—	—	—
(g) Tax losses available for carry forward	—	—	—	—	—	—	—
(h) Tax losses available for carry forward	—	—	—	—	—	—	—
(i) Tax losses available for carry forward	—	—	—	—	—	—	—
(j) Tax losses available for carry forward	—	—	—	—	—	—	—
(k) Tax losses available for carry forward	—	—	—	—	—	—	—
(l) Tax losses available for carry forward	—	—	—	—	—	—	—
(m) Tax losses available for carry forward	—	—	—	—	—	—	—
(n) Tax losses available for carry forward	—	—	—	—	—	—	—
(o) Tax losses available for carry forward	—	—	—	—	—	—	—
(p) Tax losses available for carry forward	—	—	—	—	—	—	—
(q) Tax losses available for carry forward	—	—	—	—	—	—	—
(r) Tax losses available for carry forward	—	—	—	—	—	—	—
(s) Tax losses available for carry forward	—	—	—	—	—	—	—
(t) Tax losses available for carry forward	—	—	—	—	—	—	—
(u) Tax losses available for carry forward	—	—	—	—	—	—	—
(v) Tax losses available for carry forward	—	—	—	—	—	—	—
(w) Tax losses available for carry forward	—	—	—	—	—	—	—
(x) Tax losses available for carry forward	—	—	—	—	—	—	—
(y) Tax losses available for carry forward	—	—	—	—	—	—	—
(z) Tax losses available for carry forward	—	—	—	—	—	—	—

During the year ended 31st March, 1979, substantial capital allowances, which could not be utilised against the profits of that year, gave rise to recoveries of previous years' tax liabilities of £1,898,000 as follows and these represent the reason for the United Kingdom tax credit of £1,876,000 shown above for 1978.

Note	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1980	1981
(a) United Kingdom: Corporation tax at 52 per cent. (less below)	851	1,001	(1,875)	322	322	269	269
(b) Advance corporation tax	—	—	—	—	—	—	—
(c) Adjustment of prior years on sale and leaseback of assets acquired in 1979	(95)	(9)	—	(123)	—	—	—
(d) Overseas: Corporation tax	555	89	1,082	988	839	714	714
(e) Tax charge for period	236	(105)	(16)	47	25	—	—
(f) Associated company	1,547	2,064	(381)	1,234	1,412	963	963

The taxation charge for the six months ended 30th September, 1981 is estimated on the basis that the period represented a full period for taxation purposes.

(g) Overseas interests Profits arising in overseas subsidiaries are summarised in note (f) to the balance sheet.

(h) Dividends The dividends expressed as a percentage of the paid up Ordinary share capital are set out below:

Note	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1980	1981
(a) Dividends	129	719	762	722	722	1,828	1,828
(b) Profit retained	2,841	3,324	4,955	1,539	1,454	1,948	1,948
(c) Exchange difference on translation of opening share capital and reserves of overseas subsidiaries	147	(166)	(386)	(329)	(315)	1,138	1,138
(d) Revaluation of assets	708	—	—	—	—	—	—
(e) Reserves at end of period	8,901	12,059	16,579	17,779	18,802	21,888	21,888

Information for the year ending 31st March, 1982 (shown in the profit and loss account) is not available for the six months ended 30th September, 1981. The capital structure of the Company during the period makes it impracticable to present comparable earnings per share data.

(i) Earnings per share

## Source and Application of Funds

The source and application of funds of the Group for the five years ended 31st March, 1981 and the six months ended 30th September, 1981 are set out below:

Source of Funds	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1980	1981
(a) Profit before taxation	4,897	6,656	6,044	4,011	4,079	3,867	3,867
(b) Depreciation	544	1,118	1,104	1,084	1,451	916	916
(c) Other	15	150	147	104	107	107	107
(d) Total Generated from Operations	5,456	7,924	7,301	4,879	5,598	5,000	5,000
(e) Funds from other sources:							
(i) Increase in loans	1,333	—	3,054	290	6,496	—	—
(ii) New lease finance	—	—	—	—	2,643	—	—
(iii) Proceeds from share issue	2,000	—	3,000	—	—	—	—
(iv) Investment grants	405	720	1,333	1,046	253	533	533
(v) Sale of fixed assets:							
(i) Assets leased back	—	—	—	—	1,523	—	—
(ii) Other assets	—	—	—	—	551	—	—
(f) Total	9,194	8,444	14,531	6,758	17,055	5,630	5,630

## Application of Funds

Application of Funds	Years ended 31st March					6 months ended 30th September	
	1977	1978	1979	1980	1981	1980	1981
(a) Goodwill	281	—	79	—	82	—	—
(b) Dividends paid to shareholders of the Company	95	260	871	740	651	105	105
(c) Profits withdrawn by minority interests	176	307	579	660	546	105	105
(d) Tax paid/(received) - net	502	1,979	2,040	(187)	1,370	305	305
(e) Fixed assets	4,807	4,217	10,519	9,625	5,010	2,297	2,297
(f) Proceeds from share issue	—	—	—	—	2,643	—	—
(g) Repayment of loans	127	654	253	348	283	2,832	2,832
(h) Reduction of lease finance	—	—	—	—	343	213	213
(i) Investments	(618)	—	—	—	—	—	—
(j) Increase/(Decrease) in Working Capital	3,744	1,027	410	(4,631)	5,852	(622)	(622)

## Movement in net liquid funds

Note	Years ended 31st March					6 months ended 30	
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BUILDING AND CIVIL ENGINEERING

Binnie leads in Peru

THE APPOINTMENT of Binnie and Partners, the British consulting engineers, to lead an international team for the design and tender stages of a \$250m water transfer scheme in Peru represents the culmination of over 12 years preliminary work by the consultants.

Studies for the Andes project have been in progress since 1969 when Binnie began work on the scheme.

The Peruvian Government has now named the firm as leaders of a group of consultants which will include Kennedy and Donkin of Woking, Zurichconsult of Switzerland and the National Engineering Laboratory (NEL), East Kilbride.

The proposals involve the transfer of water from the River Mantaro, on the eastern side of the Andes to the River Rimac, which flows through Lima, Peru's capital, into the Pacific. The scheme will substantially increase electricity production in Peru, and meet Lima's water requirements to the end of the century.

Peru's demand for water is already providing a valuable source of work for international civil engineering contractors. A six-nation consortium, including Tarmac of the UK, is well on the way to completing the huge Majes irrigation scheme, a \$300m construction project designed to convert 150,000 acres of dead panjas into arable land. Further extensions to the scheme could provide contracts worth three times that figure. Tarmac itself must stand a good chance of winning at least some of the Mantaro work.

As with Majes, most of the Mantaro scheme will involve

construction work at high altitudes, varying between 3,500 and 5,000 metres (11,500 to 16,500 ft) above sea level.

Two large pumping stations will lift the water from the River Mantaro up the eastern side of the mountains. Each station will house five pumps, each capable of lifting 4 cubic metres/second (880 gals/sec) against a head of 300 metres (1,000 ft).

It is in connection with the pumping stations that the other members of the consortium will be engaged. Kennedy and Donkin will be looking at the problems of designing and installing 220 kV power lines from the west to the east side of the Andes and providing substations on the pumps.

Zurichconsult will be working on the pumps. As Swiss engineers they have a wide experience of hydro-electric work and large pumps, and the Andean facility will be handling unusually heavy loads.

The National Engineering Laboratory will be carrying out

work on the pumps. As Swiss engineers they have a wide experience of hydro-electric work and large pumps, and the Andean facility will be handling unusually heavy loads.

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tests on the pumps at the works where they are built, and again when they are installed on site.

As part of the scheme, Lake Junin, a large natural lake in the mountains, will be enlarged. Other features of the project include construction of 35 km (about 22 miles) of large diameter pipelines and canals, building a new reservoir at Carispacocha and enlarging the reservoir at Marcapamococha.

This will entail the construction of a 35 metre (115 ft) high earth dam in an earthquake area.

Water will be released from this reservoir through the existing trans-Andean tunnel—to be enlarged under a separate contract being prepared by Binnie in association with Motilma of Peru. When the water reaches the western side of the Andes it will flow through existing and new hydro-electric power stations to a water supply intake just up the stream of the city of Lima. The city's present water supply comes from the River Rimac, from ground water and from desalination schemes.

When the first stage of the scheme—including a new power station—is complete (target date is 1983) the increased water flow to Lima will reach 440m gallons a day, an increase of 20m gallons a day.

Binnie and Partners will complete tender documents within 12 months, and working drawings in 21 months. Site work should start about three months later.

Value to Binnies of the consulting contract and the tunnel enlargement project is about £2.25m—financed by the World Bank.

TONY FRANCE

Cut-throat tenders hit heating industry

CUT-THROAT pricing continues to dominate the heating and ventilating contracting industry, although there are some signs that the recession which has provoked such fierce competition may be bottoming out.

According to the latest state of trade inquiry conducted by the Heating and Ventilating Contractors Association—which recently accused the British Gas Corporation of unfair competition—the number of members reporting increased orders or rising output crept up slightly in the second half of 1981. The number of contractors operating at full or almost full capacity

remained, however, at just under 50 per cent.

At the same time, over 90 per cent of heating and ventilating specialists said that tender prices were "over-keen" or below the point where they made any economic sense.

The survey indicates that levels of operating capacity are reasonably consistent throughout the UK while, in the face of the recession, companies have continued to slim down via natural wastage or redundancies. Apprentice intake has dropped further and there is serious concern about future availability of skilled manpower.

Raising flat-roof image

JOINING THE existing 400 or more various organisations either connected with or wishing to influence the building industry is the newly formed Bituminous Roofing Council.

Its aim is to alter the bad name given to flat roofs over the last few years. A reputation which has grown from an increasing number of faults and problems found in this side of the industry due, says the Council, to ignorance of modern technological techniques and advances in new materials for flat roof application.

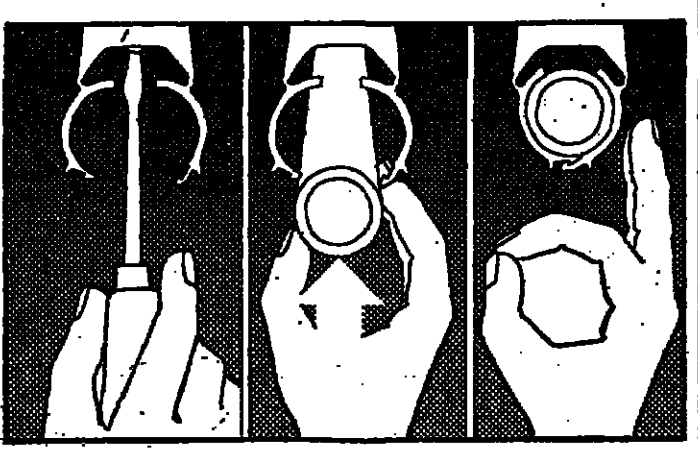
A considerable fund of knowledge and expertise is now available, gained largely by materials manufacturers and roofing contractors through research, development, and

actual experience in installation. Representing the two main industry ends of the flat roofing spectrum (the producers of primary flat roofing materials and those who want to install them) the new body will coordinate and make available up-to-date information on design, materials selection and installation for flat and low-pitched roofing systems.

Technical information sheets will be issued in a series which will create an authoritative compendium on all aspects of flat roof design and construction and, through the BRC Flat Roof Advisory Service, guidance will be offered to owners, architects and anyone else involved in specific projects.

More on 01-628 7672.

What's new in building



How the 'Clic' is fixed

A SIMPLE and speedy one piece nylon clip is now available for fixing conduits (steel or pvc) in air conditioning, plumbing, communications, and so on.

Made from Polyamid, the Clic, which comes from Switzerland, has a slot to take M6 steel plate for stud mounting, or is simply

screwed to a surface, the conduit fitted in place, then the clip clicked shut. It can be released any time with a screw driver or the edge of a coin.

In a number of sizes in light grey, dark grey or black, it can be ordered from Protection and Control Systems, 15 City Road, Finchbury Square, London EC1 (01-628 0338).



CEBluc power distribution unit

A NEW low cost, lightweight four-way power distribution unit has been launched by Tripower to provide safe power wherever needed, in industrial or agricultural locations. The new 240V unit (CEBluc) provides four angled splashproof outlets and is made in a tough oil

resistant rubber casing measuring 355 x 101 x 100 mm. With its integral earthing facilities, CEBluc has been designed to ensure the safe convenient use of any electrical equipment away from the main power source. It fully meets BS 4343 1968/CEE 17 and costs £29.50. More on Marlow 2040.

MADE FROM Finnish birchwood flakes, a new structural board has been developed, said to be comparable in strength to plywood, and with technical characteristics enabling it to exceed the performance of particle board products.

Birch flakes, 0.2 mm thick, are bonded under pressure with a melamine adhesive.

UK CONTRACTS

Friary Site phase two

THE CONTRACT for the second phase of redevelopment of the Friary Site in the centre of Guildford is worth £8.75m to Y. J. LOVELL (SOUTHERN), part of the Lovell Construction Group.

This is a prestige project for MEPC, and a seven-storey block has been pre-let to Sterling Winthrop which has already moved into offices in Phase One.

Phase two offers parking and five floors of offices (with boardroom facilities at the top) with fully-glazed enclosed bridge links to phase one at three levels.

An important focus in the design is a triangular atrium, a heated and ventilated core covered by pitched patent glazing to be fully landscaped with trees and shrubs.

Rather than conceal air conditioning ducting, the architect has chosen to use colour and make it a vertical feature within the atrium.

WORK IN London worth over £6m has been awarded to the southern division of FAIRCLOUGH BUILDING.

The largest scheme is a £2.3m four-storey office block in Monck Street, SW1, now under way for Centrovival Estates.

Work has started also on a 10-storey development of 18 luxury apartments in Avenue Road, St John's Wood, where IPH Design and Build has placed a £2.2m contract.

The company's divisional building services department is to carry out a further phase of refurbishment at the Royal Court Hotel, Sloane Square under an £1.1m scheme for Norfolk Capital Group.

Other jobs for this department are £1m worth of re-roofing projects in the boroughs of Kingston-upon-Thames and Wandsworth, and refurbishing 30, occupied homes in the borough of Merton.

AN ORDER for £4.75m has been received from Sir Robert McAlpine Management Con-

tractors (on behalf of Groycoat London Estates Victoria) by S. W. Farmer subsidiary, S. W. FARMER AND SON, for the structural steel decking for the Victoria Station rail air terminal offices.

About 5,000 tonnes of structural steel and decking make up the order to form a raft above platforms 9 to 19 above which is to be a 20,000 square metre office block.

Detailed engineering has already commenced and fabrication will be carried out in Farmer factories in London and Leeds.

TESCO STORES has placed a £3.3m contract with COSTAIN CONSTRUCTION for a store to be built at Bromley-by-Bow in London's East End.

Construction comprises a part single and part two-storey store with concrete foundations, reinforced concrete frame, brick and blockwork walls, metal deck flat roofing on steelwork with perimeter tiled mansards.

Costain will also install sprinklers, vent plumbing services, finishing, external drainage, car parking and associated works.

Work has just started with a completion target at the end of this year.

TWO NEW contracts with a total value of £2m have gone to Bradford-based TOTTY BUILDING GROUP.

One covers improvements and repair of 133 semi-detached houses built in the 1930s at the Ravenscliff Estate, Bradford for the City of Bradford Metropolitan Council, and the second involves construction of a mix of 52 dwellings at Beeston, near Leeds, for Leeds City Council.

CONTRACTS TOGETHER worth £1.5m are announced by FRENCH KIER CONSTRUCTION which is to start at once on a £1.35m scheme for the construction of Stoke Bridge and approaches for Suffolk County Council.

Work on the construction of Godney water tower, near Spalding, is for the Anglian Water Authority and this £468,000 scheme expects to take about a year to complete.

New Billingsgate Market

BY COLIN AMERY, ARCHITECTURAL CORRESPONDENT

A NEW chapter in the history of Billingsgate fish market begins this week with the official opening of the new market buildings in West India Docks on the Isle of Dogs.

The £11m market has moved downriver from its former premises between London Bridge and Tower Bridge to enable a road widening scheme to proceed and to leave the way clear for a £75m redevelopment scheme, details of which were unveiled last week.

The new market building, in appearance like a fully-rigged ship, may initially lack the traditional atmosphere of its forbear but is an exciting structure that will undoubtedly prove more efficient. It is not surprising, therefore, that architect Newman Levinson and Partners has been asked to prepare proposals for the new fish market building in Mexico City.

Newman Levinson is a practice with a reputation for industrial and commercial buildings, including a large number of industrial estates and shopping centres like the Superstore for Wimpey Property Holdings in Bourne-mouth and the supermarket and offices for J. Sainsbury at New Barnet.

The most strikingly visual feature of the new Billingsgate market—completed on schedule in just 18 months—is the frame from which the roof is suspended.

It is the skyline of the new

market that is its most distinctive feature. The whole of the market hall roof is suspended from mast-like trusses which rise high over the roof. Replicas of the old weather vane are fixed to this new structure. The steel masts and the space frame roof ensure that as much column free space as possible is provided.

The modern structure incorporates an existing 700 feet long early 20th-century reinforced concrete building known as Shed 95. The concrete is brick-clad which helps to create a more traditional market atmosphere. The main market hall covers an area of 38,621 sq ft and is surrounded by traders' shops with a gallery for offices.

Requirements that are peculiar to a fish market have been skilfully met—particularly the rigid fire restrictions, insulation protection and the demand for minimum 20 degree Centigrade cold store. Special tanks have had to be provided for the boiling of lobsters.

The chief drawback of the old market was congestion. Here the parking and traffic separation schemes remove any chance of lorries blocking routes. The market hall trade vehicles are separated from the cold store and restaurant suppliers. A vehicle service station is provided on the site.

The use of materials characterises the serviceable nature of this building. Covered skirtings, ceramic or terrazzo finishes make it easy to clean and floors are non-slip.

PRESS

Engineering contractors to the oil, gas, chemical, process and power generation industries.

PRESS

William Press Group Tel: 01-353 6544

Start on new British Library

BUILDING IS expected to begin in March on the £38m first stage of the new British Library building in Euston Road, London.

The first contract worth £5.5m, has been placed with Lilley Construction and covers the sinking of pile walls enclosing the four basement levels, excavation (including the removal of existing foundations), and the installation of piles to form a foundation for the new building.

Work on the superstructure is due to follow in 1984.

Henry Boot in Hong Kong

AS PART of Henry Boot's development overseas, a new international company called Henry Boot Clapham has been formed in Hong Kong to undertake major landscaping contracts in the territory. It will draw on the combined expertise of Henry Boot Far East in the civil engineering field and Clapham Landscapes which operates as a landscaping company both in the UK and abroad.

BUSINESSMAN'S DIARY UK TRADE FAIRS AND EXHIBITIONS

Table with columns: Date, Title, Venue. Lists various trade fairs and exhibitions such as International Men's and Boys' Wear Exhibition, Ideal Home Exhibition, etc.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table with columns: Date, Title, Venue. Lists overseas trade fairs and exhibitions such as Equipment and apparatus for drug production, etc.

BUSINESS AND MANAGEMENT CONFERENCES

Table with columns: Date, Title, Venue. Lists business and management conferences such as AMR International: Management Skills and Techniques, etc.

Financial Times Conferences

THE FOURTH WORLD MOTOR CONFERENCE Geneva - 1 and 2 March 1982. This pre Motor Show Conference will be opened by Dr Umberto Agnelli, Chairman, Fiat Auto SpA. Other speakers will include Mr Hideo Kamio, Managing Director, Toyota Motor Sales Company; Mr R. Stempel, Managing Director, Adam Opel AG; Mr R. Horrocks, Chairman and Chief Executive, Cars Group, BL Public Limited Company; and Mr Corrado Innocenti, Managing Director, Alfa Romeo SpA.

90 years International Fair PLOVDIV, BULGARIA. Being one of the 10 most renowned in the world the Plovdiv Fair complex extends over 510,000 sq. m., out of which 165,000 are exhibition stand grounds. In 1982 the following international events will be held here: May 3-9 2nd INTERNATIONAL SPRING FAIR for consumer goods and foodstuffs; September 27-October 4 38th INTERNATIONAL AUTUMN TECHNICAL FAIR. Excellent conditions and best opportunities for creative work, business discussions as well as many leisure activities to enjoy are offered to exhibitors and guests. For detailed information contact: Plovdiv International Fair 4018 Plovdiv 37 G. Dimitrov Blvd. Tel: 5 31 90, 5 31 45, 5 31 46. Telex: 44432 Cable: Panaira Plovdiv. Bulgarian Chamber of Commerce and Industry Sofia 1000-11-A Stamboliski Blvd. Tel: 87 26 31. Telex: 22844 Cable: Torgpalata Sofia. All Bulgarian Trade Missions abroad.

We are pleased to announce the election of Rockwell A. Schnabel as President. Bateman Eichler, Hill Richards Group INC. 700 So. Flower Street, Los Angeles, CA 90017 • (213) 625-3545. BATEMAN EICHLER, HILL RICHARDS, INCORPORATED (BROKERAGE); BEHR LEASING AND FINANCIAL CORPORATION; BATEMAN EICHLER, HILL RICHARDS REALTY SERVICES, INC.; BEHR MANAGEMENT CORPORATION; BEHR OVERSEAS B.V.



COMPANY NOTICES

GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the Corporation's Declaration of a Dividend of \$0.60 (gross) per share of the Common Stock of the Corporation payable on the 10th March 1982, there will be made a distribution of Bearer Depository Receipts a gross distribution of 3 cents per unit.

The Depository will give further notice of the Sterling Equivalent of the net distribution per unit payable on and after the 15th March 1982.

All claims must be accompanied by a completed Claim Form and U.S.A. Tax Declaration obtainable from the Depository. Claims other than UK Banks and Members of The Stock Exchange must lodge their Bearer Depository Receipts for marking. Postal claims cannot be accepted.

The Corporation's Final Report for 1981 will be available upon application to the Depository named below.

Barclays Bank PLC Securities Services Department 54 Lombard Street London EC3P 3AH

BANK HANDLOWY W. WARSZAWIE S.A.

Floating Rate Note Issue of US\$30 million 1979/89

The rate of interest applicable for the six months period beginning on February 11th 1982 and set by the reference agent is 17 1/2% annually.

NOTICE OF INTEREST PAYMENT SANMIE ASTERLEAG 6 1/2% CONVERTIBLE BONDS 1977/88 COUPON DUE 15th MARCH

NOTICE IS HEREBY GIVEN to the coupon holders of the above mentioned issue that coupon No. 5 will be payable on the 15th March 1982 at the rate of US\$2.50 per DM141.50 subject to the terms and conditions endorsed on the bond to which the coupon applies.

CENTRAL AND DISTRICT PROPERTIES LIMITED 6 1/2% UNSECURED LOAN STOCK 1980/82

NOTICE IS HEREBY GIVEN that the above stock is due for redemption on 31st March 1982 and the Transfer Register will close on 1st March 1982 and will not be re-opened.

By Order of the Board W. CRAIG, Secretary 12th February, 1982.

CLUBS

THE CASLIGH OF ST. JAMES'S, London's No. 1 members' club, is now offering a limited number of shares of £100 each. The shares are offered at a discount of 10% to £90 each. The shares are offered to members of the club and to the public. The shares are offered to members of the club and to the public. The shares are offered to members of the club and to the public.

ART GALLERIES

MATHIAS GALLERY, 23 Motcomb Street, London, SW1E 6JH. Tel: 233 0010. Specializing in 19th Century and Contemporary Paintings in AFRICA.

MARLBOROUGH & Albemarle St, W.1. RUFINO YAMAYO-RECINTI PAINTING INKING art & March, Mon-Fri, 10-12.30, Sat, 10-12.30.

PERSONAL

SUPERINTEL. Ask your Architect to specify the undisputed quality brand leader for your new house.

CLASSIFIED ADVERTISEMENT RATES

Table with columns: Per line, Single column, Commercial and Industrial Property, Residential Property, Appointments, Business, Investment Opportunities, Businesses for Sale/Wanted, Personal, Motor Cars, Hotels and Travel, Contracts and Tenders, Book Publishers. Includes premium position available and classified advertisement manager contact.

INSURANCE

Linked-life contracts dominate savings market

BY ERIC SHORT

LINKED-LIFE insurance business broke all records last year and is now firmly established as a dominant force in the UK personal savings market.

Figures published last week by the Life Offices' Association showed new annual premiums for individual linked-life business up by 30 per cent to a new record of £180m, and single premiums improving by more than 70 per cent to £549m, breaking the annual sales record achieved in 1973.

Now linked-life accounts for one quarter of annual premiums individual business and half of single-premium business.

Life insurance has several tax advantages over other forms of saving, both for the life company and the individual saver. The public has now come to understand the risks involved in linked-life investments and is prepared to accept them in seeking the greater rewards available compared with conventional life savings contracts.

Professional intermediaries now make considerable use of linked-life plans in their financial planning arrangements for clients. Traditional life companies are now setting up their own linked operations alongside their conventional business in order to participate in this growth sector.

Linked-life business is also buoyant because of the absence of constraints on selling any contract labelled life insurance.

The majority of linked-life business is now sold by the direct sales forces of life companies.

Many life companies consider that future growth will also come from direct sales rather than from independent intermediaries. Such companies have recently announced plans to double or even treble their sales forces over the next five years.

This lack of control over life assurance sales has caused some concern to Professor Gower in his review of security dealings and the present scope of the Prevention of Fraud (Investments) Act.

In his recently-published discussion document, he is basically against door-to-door sales of any type of life contract. If the authorities allowed this to continue, however, he feels sales should be restricted to "straightforward" life policies and not permitted in the case of bonds.

This section of his discussion appears to have less clarity and logic than other sections. His definitions of life contracts are somewhat vague, conveying the impression that he gained his knowledge of life insurance mainly from sources other than the life companies.

This week in Parliament

TODAY Commons: Private Members' Motions until 7 pm. Hops Marketing Bill, remaining stages. Debate on First Report from Procedure Committee. Lords: Copyright Act Amendment Bill 1956, Second Reading. Debate on First Report of Science and Technology Select Committee on Science and Government. Debate on Tidal Power from the Severn Estuary. Select Committees: Home Affairs: Sub Committee on Race Relations and Immigration - Subject: Immigration from the Indian Sub-Continent. Witnesses: Joint Council for the Welfare of Immigrants (Room 15, 11 am).

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

Secretary, Department of Transport (Room 16, 4.45 pm). Home Affairs: Subject: Police complaints procedure. Witnesses: Justice (Room 8, 11 am). Transport: Subject: The Channel Link. Witnesses: Rt Hon David Howell MP, Secretary of State for Transport (Room 17, 11.15 am). Public Accounts: Subject: Non-competitive contracts pricing and post-auction funding of purchases of defence equipment. Witness: Sir Derek Cooper, Permanent Under-Secretary of State, Ministry of Defence (Room 16, 4 pm). Social Services: Subject: The age of retirement. Witnesses: General and Municipal Workers Union; Iron and Steel Trades Confederation (Room 21, 4 pm). Transport: Subject: Transportation in London. Witnesses: Greater London Council (Room 17, 4.15 pm). Treasury and Civil Service: Subject: Efficiency and Effectiveness in the Civil Service. Witness: Sir Anthony Rawlinson KCB, Second Permanent Secretary, HM Treasury (Room 15, 4.15 pm). Welsh Affairs: Subject: Wales in Wales. Witnesses: Confederation of British Industry; Wales; National Farmers' Union (Room 18, 4.30 pm).

WEDNESDAY

Commons: Canada Bill, Second Reading. Lords: Education Bill, Second Reading. Commons: Canada Bill, Second Reading. Commons: Canada Bill, Second Reading. Commons: Canada Bill, Second Reading.

CONTRACTS AND TENDERS

CHILE Risk Contracts Empresa Nacional del Petroleo (ENAP) calls for: Prequalification of companies interested in participating in future biddings on exploration and exploitation of hydrocarbons through risk contracts. bid 1: 10 to 12 blocks of about 5,000 sq. km. each in the offshore central zone (33°S to 41°S). bid 2: Several blocks in the offshore south zone (48°S to 51°20'S) bid 3: Several blocks in the Gulf of Ancud offshore, interiors waters (41°30'S to 43°30'S), Arauco peninsula onshore (37°S to 38°S) and Osorno-Llanquihue zone onshore (40°15'S to 41°30'S).

GOVERNMENT OF THE REPUBLIC OF IRAQ

BAGHDAD RAPID TRANSIT AUTHORITY BAGHDAD METRO-STAGE 1 PRE-QUALIFICATION OF ELECTRICAL AND MECHANICAL CONTRACTORS The Baghdad Rapid Transit Authority (BRTA) hereby issues an international invitation to suitably Electrical and Mechanical Contractors to pre-qualify for the detail design, manufacture, supply, installation and commissioning of equipment and plant for the Baghdad Rapid Transit System (Baghdad Metro)- Stage 1.

Peoples Democratic Republic of Yemen GREATER ADEN WATER SUPPLY PROJECT FIRST STAGE BID 10 - PREQUALIFICATION OF TENDERS The First Stage of the Greater Aden Water Supply Project is financed by the Government of PDRY, The World Bank (IDA), The Arab Fund for Economic and Social Development, the OPEC Fund and the Islamic Bank.



CONTRACTS & TENDERS Appears Every Monday, the Rate is £27.50 per single column centimetre.



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Companies and Markets

WORLD STOCK MARKETS

NEW YORK 1981-82 High Low Stock Feb. 12. Table listing various US stocks and their prices.

1981-82 High Low Stock Feb. 12. Table listing various international stocks.

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1981-82 High Low Stock Feb. 12. Table listing various international stocks.

Indices

NEW YORK DOW JONES. Table showing index values for various sectors and overall market performance.

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Notes and disclaimers at the bottom of the page regarding data accuracy and source information.







AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abchurch Unit Trust, and others, including their respective managers and details.

Table listing unit trusts managed by various companies like Abchurch Unit Trust, Abbey Unit Trust, and others, with columns for name, manager, and details.

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NOTES: Prices are in pence unless otherwise indicated. Values are given in pence (100 pence = £1). Today's prices are given in pence on other pages.

FT UNIT TRUST INFORMATION SERVICE

Main table for FT Unit Trust Information Service, listing various insurance and property bond companies and their products, including details like names, addresses, and contact information.

Additional notes and information at the bottom of the page, including contact details for the FT Unit Trust Information Service.



**WOLSELEY HUGHES**  
Central to Britain's heating  
Heating and Plumbing Merchants.  
Farm and Garden Machinery, Equipment, Parts.

# FT SHARE INFORMATION SERVICE

## FOOD, GROCERIES—Cont.

Company	Price	Change	High	Low	Open	Close	Volume
Lowell (C.F.)	145.75	+	145.75	145.75	145.75	145.75	100
Low (Wm.)	145.75	+	145.75	145.75	145.75	145.75	100
Low (Wm.)	145.75	+	145.75	145.75	145.75	145.75	100
Low (Wm.)	145.75	+	145.75	145.75	145.75	145.75	100
Low (Wm.)	145.75	+	145.75	145.75	145.75	145.75	100

## HOTELS AND CATERERS

Company	Price	Change	High	Low	Open	Close	Volume
Hotel Water	100.00	+	100.00	100.00	100.00	100.00	100
Hotel Water	100.00	+	100.00	100.00	100.00	100.00	100
Hotel Water	100.00	+	100.00	100.00	100.00	100.00	100

## INDUSTRIALS (Misc.)

Company	Price	Change	High	Low	Open	Close	Volume
Indus. Misc.	100.00	+	100.00	100.00	100.00	100.00	100
Indus. Misc.	100.00	+	100.00	100.00	100.00	100.00	100
Indus. Misc.	100.00	+	100.00	100.00	100.00	100.00	100

## ENGINEERING MACHINE TOOLS

Company	Price	Change	High	Low	Open	Close	Volume
Eng. Mach. Tools	100.00	+	100.00	100.00	100.00	100.00	100
Eng. Mach. Tools	100.00	+	100.00	100.00	100.00	100.00	100
Eng. Mach. Tools	100.00	+	100.00	100.00	100.00	100.00	100

## CHEMICALS, PLASTICS—Cont.

Company	Price	Change	High	Low	Open	Close	Volume
Chem. Plastics	100.00	+	100.00	100.00	100.00	100.00	100
Chem. Plastics	100.00	+	100.00	100.00	100.00	100.00	100
Chem. Plastics	100.00	+	100.00	100.00	100.00	100.00	100

## DRAPERY AND STORES

Company	Price	Change	High	Low	Open	Close	Volume
Drapery Stores	100.00	+	100.00	100.00	100.00	100.00	100
Drapery Stores	100.00	+	100.00	100.00	100.00	100.00	100
Drapery Stores	100.00	+	100.00	100.00	100.00	100.00	100

## BANKS AND HIRE PURCHASE

Company	Price	Change	High	Low	Open	Close	Volume
Banks Hire Pur.	100.00	+	100.00	100.00	100.00	100.00	100
Banks Hire Pur.	100.00	+	100.00	100.00	100.00	100.00	100
Banks Hire Pur.	100.00	+	100.00	100.00	100.00	100.00	100

## BEERS, WINES AND SPIRITS

Company	Price	Change	High	Low	Open	Close	Volume
Beers Wines Sp.	100.00	+	100.00	100.00	100.00	100.00	100
Beers Wines Sp.	100.00	+	100.00	100.00	100.00	100.00	100
Beers Wines Sp.	100.00	+	100.00	100.00	100.00	100.00	100

## BUILDING INDUSTRY, TIMBER AND ROADS

Company	Price	Change	High	Low	Open	Close	Volume
Build. Ind. Timb.	100.00	+	100.00	100.00	100.00	100.00	100
Build. Ind. Timb.	100.00	+	100.00	100.00	100.00	100.00	100
Build. Ind. Timb.	100.00	+	100.00	100.00	100.00	100.00	100

## ELECTRICALS

Company	Price	Change	High	Low	Open	Close	Volume
Electricals	100.00	+	100.00	100.00	100.00	100.00	100
Electricals	100.00	+	100.00	100.00	100.00	100.00	100
Electricals	100.00	+	100.00	100.00	100.00	100.00	100

## LOANS

Company	Price	Change	High	Low	Open	Close	Volume
Loans	100.00	+	100.00	100.00	100.00	100.00	100
Loans	100.00	+	100.00	100.00	100.00	100.00	100
Loans	100.00	+	100.00	100.00	100.00	100.00	100

## FOREIGN BONDS & RAILS

Company	Price	Change	High	Low	Open	Close	Volume
Foreign Bonds	100.00	+	100.00	100.00	100.00	100.00	100
Foreign Bonds	100.00	+	100.00	100.00	100.00	100.00	100
Foreign Bonds	100.00	+	100.00	100.00	100.00	100.00	100

## AMERICANS

Company	Price	Change	High	Low	Open	Close	Volume
Americans	100.00	+	100.00	100.00	100.00	100.00	100
Americans	100.00	+	100.00	100.00	100.00	100.00	100
Americans	100.00	+	100.00	100.00	100.00	100.00	100

## CANADIANS

Company	Price	Change	High	Low	Open	Close	Volume
Canadians	100.00	+	100.00	100.00	100.00	100.00	100
Canadians	100.00	+	100.00	100.00	100.00	100.00	100
Canadians	100.00	+	100.00	100.00	100.00	100.00	100

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Company	Price	Change	High	Low	Open	Close	Volume
Brit. Funds	100.00	+	100.00	100.00	100.00	100.00	100
Brit. Funds	100.00	+	100.00	100.00	100.00	100.00	100
Brit. Funds	100.00	+	100.00	100.00	100.00	100.00	100

## Five to Fifteen Years

Company	Price	Change	High	Low	Open	Close	Volume
5-15 Yr Funds	100.00	+	100.00	100.00	100.00	100.00	100
5-15 Yr Funds	100.00	+	100.00	100.00	100.00	100.00	100
5-15 Yr Funds	100.00	+	100.00	100.00	100.00	100.00	100

## Over Fifteen Years

Company	Price	Change	High	Low	Open	Close	Volume
Over 15 Yr Funds	100.00	+	100.00	100.00	100.00	100.00	100
Over 15 Yr Funds	100.00	+	100.00	100.00	100.00	100.00	100
Over 15 Yr Funds	100.00	+	100.00	100.00	100.00	100.00	100

## INT. BANK AND COUNTRIES GOVT. STERLING ISSUES

Company	Price	Change	High	Low	Open	Close	Volume
Int. Bank Govt.	100.00	+	100.00	100.00	100.00	100.00	100
Int. Bank Govt.	100.00	+	100.00	100.00	100.00	100.00	100
Int. Bank Govt.	100.00	+	100.00	100.00	100.00	100.00	100

## CORPORATION LOANS

Company	Price	Change	High	Low	Open	Close	Volume
Corp. Loans	100.00	+	100.00	100.00	100.00	100.00	100
Corp. Loans	100.00	+	100.00	100.00	100.00	100.00	100
Corp. Loans	100.00	+	100.00	100.00	100.00	100.00	100

## COMMONWEALTH AND AFRICAN LOANS

Company	Price	Change	High	Low	Open	Close	Volume
Comm. Afr. Loans	100.00	+	100.00	100.00	100.00	100.00	100
Comm. Afr. Loans	100.00	+	100.00	100.00	100.00	100.00	100
Comm. Afr. Loans	100.00	+	100.00	100.00	100.00	100.00	100

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INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

LEISURE

Table of leisure stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

PROPERTY—Continued

Table of property stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

SHIPPING

Table of shipping stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

TEXTILES

Table of textile stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

TOBACCO

Table of tobacco stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

PROPERTY

Table of property stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

INSURANCE

Table of insurance stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

OIL AND GAS

Table of oil and gas stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

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MINES—Continued

Table of mines stocks including companies like Anglo-Tyres, Anglo-Tyres, Anglo-Tyres, etc. with columns for stock name, price, and other financial metrics.

NOTES

Under otherwise indicated, prices and net dividends are in pence and denominated in 20p. Estimated price/earnings ratios and covers are based on latest reported results and accounts and, where possible, are calculated on a price/earnings basis. Dividends are shown in pence per share based on the latest reported results. Dividends are shown in pence per share based on the latest reported results. Dividends are shown in pence per share based on the latest reported results.

REGIONAL MARKETS

Table of regional market data including indices for various regions like London, New York, etc.

OPTIONS

Table of options data including call and put options for various stocks.



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## Labour plans education reform

BY ROBIN PAULEY

THE LABOUR PARTY has followed the Conservatives in launching proposals to remove control of education expenditure from local authorities.

Education accounts for more than half of all local authority current expenditure and will cost more than £9bn (at 1980 prices) in 1981-82. It is the major service of shire counties, metropolitan districts and outer London boroughs and represents the lion's share of all domestic and non-domestic rate bills.

Mr Neil Kinnock, the Opposition's education spokesman, yesterday advocated the complete reform of education control based on setting minimum national standards financed with specific grants. Five standards would be set for:

- Under-five provision (every education authority to provide enough places for 80 per cent of three to five-year-olds);
- Schools;
- Laboratory equipment and workshop materials;

● Staffing levels, subject by subject;

● In-service training (at least one in 20 of all teachers to be under new training at any time).

These national minimum standards would be set and controlled by a new body, all of whose members would be nominated by the secretary of state. They would include local authority members, teachers, education inspectors, and representatives of interest groups, such as educational publishers.

Although control of education finance would be removed from councils they would stay in control of administering the service, and any council wanting more than the minimum standard in any or all categories could raise the extra cost through the rates. Any council not reaching the minimum standard would not get the relevant grant. An increased number of inspectors would make random checks on standards.

The plans are certain to create uproar among all education authorities, but Mr Kinnock insists that he is only planning what has long been Labour Party policy, although he admits he will have to persuade the party to put it into the next manifesto.

Mr Kinnock did not refer to teachers' salaries, but it is conceivable that his plans could or would be introduced without bringing control and financing of pay to the centre.

The Conservative Party is working equally hard towards greater centralisation of education expenditure, not least because it would take the most expensive and sensitive item out of rate bills. However, it is not clear whether Tory plans could be enacted before the General Election.

The Government's Green Paper on alternatives to domestic rates contains an education department appendix on options for education, including a

separate block grant. This paper is now being expanded in detail and with urgency. The Environment Department and Treasury regard the ideas favourably, and as the Green Paper shows, there is no hope of abolishing domestic rates.

Ministers are looking for an attractive political initiative which will cut rate bills. But it is unlikely that the Tory option would be a 100 per cent grant, so it would be a less centralist solution than Mr Kinnock's.

Mr Kinnock insists that the present system is not working, and centralisation is the only answer. Some local authorities have cut education spending so drastically that there is now a serious shortage of books and equipment—also a subject of mounting concern among department officials.

More than £100m would need to be spent to restore provision in this category alone to 1978-79 levels, Mr Kinnock said.

## W. German TU housing group sacks chairman

By Kevin Done in Frankfurt

THE CHAIRMAN and two members of the seven-man board of Neue Heimat, the biggest housing development company in Western Europe, have been dismissed after allegations that they used the West German trade union-owned company to promote their private business interests.

Three other board members have been suspended until an independent inquiry has been completed into the affair, which has deeply embarrassed the trade union movement in the Federal Republic.

Herr Albert Vietor, 59, chairman of Neue Heimat since 1981, will be replaced immediately by Dr Diether Hoffmann, managing director of the trade union-owned Bank für Gemeinwirtschaft, ninth largest bank in West Germany.

The other two to be dismissed are Herr Harro Iden and Herr Wolfgang Vormbeck.

The special meetings of the Neue Heimat supervisory boards, both chaired by Herr Heinz Oskar Vetter, head of the Deutsche Gewerkschaftsbund, the West German trade union federation, were held at the weekend as new allegations emerged that leading trade unionists were themselves involved through Neue Heimat in property investments in West Berlin.

Herr Vetter said at the weekend that a number of trade union leaders, himself included, invested in housing development schemes in the city under the terms of West Berlin development laws, which allow such investments to be claimed as tax allowances.

Herr Eugen Loderer, head of IG Metall, West Germany's most powerful trade union, also admitted to having made such investments four years ago, but said they were legitimate investments open to all members of the public.

The unions have been deeply embarrassed since allegations about the private property interests of Neue Heimat board members first appeared in the news magazine Der Spiegel last week.

The West German unions have widespread business interests, including not only Neue Heimat, and the BfG, but also Volkstreu, one of the biggest insurance groups, and C&O AG, one of the largest chains of food retailers and supermarkets.

The revelations about far-reaching private property interests built up by Herr Vietor and some other Neue Heimat board members have come as a heavy personal blow for Herr Vetter, due to retire as chairman of the trade union federation in May.

## THE LEX COLUMN

# The Bundesbank treads softly

The more flexible approach to U.S. monetary growth taken by Mr Paul Volcker before Congress last week must have been as welcome to the policy makers of Bonn and Frankfurt as they were to Wall Street. West Germany, after all, is threatened with the kind of confrontation between budgetary and monetary policy which already characterises relations between the White House and the Federal Reserve.

Bonn's shaky coalition government has been leaning heavily on the Bundesbank to take a more relaxed line on the defence of the D-mark and to concentrate on stimulating a stagnant economy through a progressive reduction in interest rates. The coalition is roughly the same distance from an election as Mrs Thatcher and is deeply embarrassed by a level of unemployment which has doubled to 2m in little over a year.

### Compliance

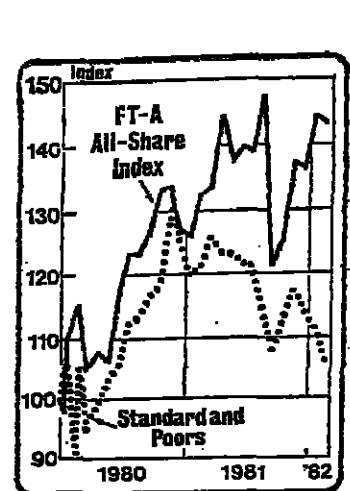
The government itself accepts that Bundesbank compliance in reducing interest rates would be far more effective in bringing about a recovery in the economy than the modest reduction programme unveiled in Bonn earlier this month.

The Bundesbank is already co-operating as far as it dare. Like the Bank of England, it has signalled its willingness to attempt an emancipation of domestic rates from the tyranny of the Federal Reserve. The German central bank certainly has more room for manoeuvre than it did a year ago. The current account is moving towards balance and the Bundesbank's president predicted last week that it might show a small surplus in 1982 after last year's DM 17.5bn deficit.

This is a slightly more optimistic analysis than that provided by most independent German economists. It relies heavily on the continued weakness of oil prices and on some improvement in the purchasing power parity of the D-mark.

The Bundesbank's easier monetary policy has been counteracted—or contradicted—by support for the D-mark on the foreign exchanges. But since early October, when the Bundesbank took the first step towards bringing its key special Lombard rate down from 12 per cent to the present 10½ per cent, the D-mark has depreciated by 6 per cent against the dollar.

Recently the intervention has become less determined, with



ing the figure to top DM30bn. This would still be below last year's deficit of almost DM40bn but the Federal Government is likely to finance a much smaller proportion through Saudi Arabia this year—again, partly as a consequence of the lower real oil price—and local authorities are not projecting the same gratifying fall in their own net financing requirements. So the supply pressure on Germany's domestic capital markets could be just as great as in 1981. The German public sector has relied heavily on short-term financing over the past two years and 1982 will see some bunching of redemptions in these instruments, many of which have been sold abroad.

A major reason for this has been the authorities' unwillingness to issue long—that is, 10-year—paper at present interest rates. The aim now is to lengthen average maturities on lower short-term rates and an upward-sloping yield curve; risks are further weakened in the currency and therefore reluctance by non-residents to re-invest in D-Mark bonds.

The balancing act required of the Bundesbank is a very delicate one and it could still be toppled from the high wire if Mr Volcker is obliged to tighten money in the face of a continuing overshoot in the U.S. money supply.

### French rates

But at least the Bundesbank is not treading the path of easier money on its own. The French authorities dropped their money market intervention rate from 14½ to 14½ per cent on Thursday and the Bank of England is still in a relaxed mood. West Germany conducts the bulk of its foreign trade within the countries of the European Monetary System, against which the D-Mark has remained fairly steady since last year's realignment.

### Foreign orders

The Bundesbank may prefer to pause for breath until the outcome of the current West German wage round becomes clearer and the U.S. money supply figures develop a more discernible pattern. In terms of its own monetary aggregate, it still has plenty of scope, as central bank money stock growth is at the bottom end of this year's 4-7 per cent target range.

For the first time in several years, there is consensus among West Germany's leading commercial banks that D-Mark interest rates are set to fall and the Bundesbank is certainly not discouraging that notion. The rest is up to Mr Volcker. Many economists are expect-

## Heron bid will be matched by a Court

By John Moore

AUSTRALIAN entrepreneur Mr Robert Holmes à Court has told the board of Associated Communications Corporation, the entertainments empire built up by Lord Grade, that he is prepared to match an offer of £46.6m mounted by Heron Corporation for ACC.

The move was announced to the board in a two-and-a-half hour meeting on Saturday afternoon, and ahead of today's legal action by Heron Corporation.

Heron, a diversified private company built up by Mr Gerald Ronson, is attempting to block through litigation the transfer of ACC directors' voting shares—representing nearly 64 per cent of the company's equity—to Mr Holmes à Court. Heron has taken the matter to the Appeal Court.

When the offer of £46.6m was announced by Heron last month, it comfortably topped the offer of £36m by the business interests of Mr Holmes à Court.

Now Mr Holmes à Court, who took over the chairmanship of ACC from Lord Grade last month, has turned the tables on the Heron camp.

Like Heron, he is offering 85p per share for the non-voting "A" shares held by more than 11,000 shareholders, and he is offering 340p for the crucial voting shares largely held by ACC directors. Lord Grade holds a 27.6 per cent block of voting shares.

Heron Corporation was locked in talks with its advisers yesterday and was considering events.

The Australian's latest attempt to gain control of ACC is unusual in that the earlier offer of £36m is to stand. An offer document detailing the terms and signed by the directors supporting the £36m deal is expected to be sent to shareholders today. Mr Holmes à Court's higher offer has been launched without gaining formal recommendation from the ACC directors, although that is likely to be only a minor formality.

The Takeover Panel said that although two takeover bids from one and the same company of different values was "extremely rare," there was nothing against the move in principle.

It added that it would be having talks with Hambros merchant bank, Mr Holmes à Court's advisers, to see that "nobody is accidentally disadvantaged."

The first offer seems to have been left running so as not to undo the irrevocable undertakings and commitments given by ACC directors to accept the earlier offer.

## Lloyd's concerned over Laker

BY JOHN MOORE

LOYD'S OF LONDON said yesterday that its membership department will be "discussing with Sir Freddie Laker's underwriting agent at the earliest opportunity the latest position on his personal finances."

Since 1954 Sir Freddie has been an underwriting member of Lloyd's of London, the insurance market which relies on the support of the rich to support its operations. People joining usually have to show wealth of £100,000. In return for pledging unfettered and unrestricted wealth to help meet insurance losses they receive a share of the profits and investment income.

At the weekend Sir Freddie said: "I haven't a bean, everything I possess is pledged to the bank."

Lloyd's said yesterday: "When any member makes a statement like the one made by Sir Freddie we have to discuss it with the underwriting agent who looks after the member's affairs."

If the membership department is not satisfied with Sir Freddie's personal standing

underwriting at Lloyd's carried out on his behalf may be forcibly suspended, although he could still keep his membership.

Sir Freddie is expected to approach the Civil Aviation Authority this week in an effort to gain licences for a new Peoples Airline run jointly by him and Lomro.

The Civil Aviation Authority said at the weekend that Sir Freddie's finances will not be considered when the application is heard. The authority said that the entrepreneur's personal resources were irrelevant. "The question is what money does the company have?"

Sir Freddie's Sussex farm is for sale at £1m and his home, at Chailley, Sussex, is also on the market for £300,000. Cash raised from the sale of the properties will be used to repay bank loans.

From a practical point of view all my assets are now held by Clydesdale Bank," Sir Freddie said.

The Civil Aviation Authority said that it was still waiting to hear details of the Laker-Lomro plan for the new air-

line. "We are waiting for him to make proposals to us."

Yesterday Sir Freddie was in Paris holding talks about his new venture. He is thought to have been in discussions with Airbus Industrie, the French-led consortium, over ten A-300 aircraft to be ordered before Laker Airways collapsed.

Lomro stressed yesterday that its feasibility study into the new joint venture airline "must prove satisfactory" before the mooted Laker-Lomro airline takes off. "We've got to battle on licences," said Lomro.

Arthur Sandles writes: Britain's major tour operators have launched extensive campaigns to ensure that the new owners of former Laker tour subsidiaries, Arrowsmith and Laker Air Holidays, do not emerge as serious challengers to their supremacy.

All the major tour operators have put on additional capacity for the summer and most are wooing both travel agents and hoteliers with assurances about the value of dealing with established brand names.

## Sweden sets Euroloan record

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SWEDEN HAS set a record for the Eurobond market. It was confirmed at the weekend that the final amount of its latest borrowing has been set at \$650m, the largest amount raised by a public issue in this market.

The borrowing, in the form of a floating rate note, was originally planned to be \$400m, but demand was so strong that by the end of last week lead managers Credit Suisse First Boston were able to increase the amount by more than 50 per cent.

The success of the deal testifies to growing interest among

investors in protecting themselves against volatile interest rates.

The interest on floating rate notes fluctuates in line with money market rates so that the capital value of an investment is preserved.

"We are in a period of great volatility that makes people very nervous and uncertain," said Dr Michael von Clemm, chairman of Credit Suisse First Boston, which arranged the issue.

"More and more investors at the retail level have come to realise they should have a portion of their portfolio in floating-rate notes."

This realisation may have been helped by research by the investment house Salomon Brothers. This shows floating-rate notes were the best investment in the international bond market last year, offering a total annual return of 20.3 per cent.

Dr von Clemm said that success of the Swedish issue was due partly to the relative shortage of similar paper from other borrowers.

It would be wrong to conclude that investors were totally deserting the fixed rate bond market, he said.

## Weather

### UK TODAY

MAINLY dry with sunny periods but cloudy in parts. London, S.E. and Eastern England, Midlands, S.E. Scotland, Borders  
Frost. Mostly dry with sunny intervals. Max 9C (48F). Channel Islands, S.W. England, S. Wales  
Mostly dry but cloudy. Max 10C (50F).  
N. Wales, N. Ireland, N.W. England, S. Central and W. Scotland  
Dry with bright intervals. Max 9C (48F).  
N. Scotland, Orkney and Shetland  
Cloudy with showers. Max 7C (45F).  
Outlook: Dry, but rain in Scotland and possibly sleet in S.E. England.

### WORLDWIDE

City	Y'day	Today	Y'day	
	°C	°F	°C	
Algeria	17	63	16	61
Amsdam	7	45	8	46
Bahrein	15	59	16	61
Barcelona	13	55	14	57
Berlin	12	54	13	55
Bombay	24	75	25	77
Buenos Aires	11	52	12	54
Calcutta	24	75	25	77
Cairo	17	63	18	64
Cardiff	7	45	8	46
Casablanca	19	66	20	68
Cape Town	18	64	19	66
Colon	24	75	25	77
Copenhagen	11	52	12	54
Corfu	12	54	13	55
Dubai	24	75	25	77
Dublin	7	45	8	46
Durban	11	52	12	54
Edinburgh	7	45	8	46
Geneva	8	46	9	48
Hong Kong	11	52	12	54
London	11	52	12	54
Lyons	11	52	12	54
Madrid	11	52	12	54
Manchester	11	52	12	54
Mexico City	11	52	12	54
Moscow	11	52	12	54
Paris	11	52	12	54
Rangoon	24	75	25	77
Rome	11	52	12	54
Singapore	24	75	25	77
Sydney	11	52	12	54
Tokyo	11	52	12	54
Toronto	11	52	12	54
Washington	11	52	12	54
Zurich	11	52	12	54

### Continued from Page 1

## U.S. Ford pay freeze

appears that under this clause, a worker laid off, say at the age of 40, and not re-employed by Ford could continue to receive 60 per cent of his take-home pay until normal retirement age, if he was unable to find another job.

Other features of the agreement are increased flexibility in moving workers from plant to plant and a re-opener clause which will allow the union to go back to the bargaining table after January 1983 if Ford's car sales have returned to their 1977-78 level.

It is evident from the terms of the deal that Ford will be taking on some extra costs as well as shedding some, which explains why both sides yesterday defended the agreement as one designed to alter radically the union-management relation-

### Continued from Page 1

## Carrots

stands in the middle of the prolific oil field. The school occupies a five-acre site, and that is enough land to accommodate six producing wells, according to Mr Joe Kimmel, operations vice-president of Kerridge Oil, the Shell subsidiary which operates the field and owns the farm.

Mr Kimmel said there could be no doubt that, if Shell found oil on the farm site, it would drill. Oil production was a good deal more profitable than farming, he pointed out. Last year, the farm and packing business returned an after-tax profit of just \$750,000.

Meanwhile, Mr Herrick continues down on the farm, using the most modern techniques to produce and harvest the 20 various crops.

### Continued from Page 1

## Carrots

ship rather than merely produce short-term savings for the company.

This presentation will be vital in securing support from the rank and file. A council of Ford workers will consider the contract on Wednesday in Chicago and, if it passes that test, there will be a mass vote.

If the contract is ratified, and the union's leaders appeared confident of this, it would be quite a coup for Ford, given that General Motors and the union had to break off talks a few days ago on General Motors' plan to cut workers' pay and benefits.

The Ford contract is less demanding of workers than the General Motors' plan and will be helped by the fact that Ford is continuing to make large losses—\$1bn last year

reaching about 100. It currently has three properties in the city in view as a possible base. ... The division of the equity will probably accord with the normal practice for Chinese joint ventures, which gives the Chinese side a small majority holding.

While no figures for Fujian's trade with the EEC are available for 1981, Mr Chan expects exports to at least double the 1980 figures. These, at \$74m (£40m), rose by \$32m over 1979.

### China to open London joint equity venture

BY GOJNA MACDOUGALL

CHINA'S FIRST joint equity venture in the west is expected to open in about three months' time in a 11m, four-floor building in the City of London, providing up to 100 new jobs.

A four-man delegation from Fujian province arrived yesterday to sign a deal setting up the venture with the UK-based company Chan Brothers. The new company, whose English name is not yet decided, will have exclusive rights to handle all trade between Fujian and the EEC.

This traditionally outward-looking south eastern province which faces Taiwan is one of only two provinces which has the powers to set up certain joint ventures without reference to Peking. The other is Guangdong.

The Chinese partner will be the China National Cereals, Oils and Foodstuffs Import and Export Corporation, Fujian branch.

This will be the first Chinese joint equity venture outside China to be set up between a high-level provincial corporation and a foreign company. So far only a score or so of joint equity ventures have been set up within China, while there are a handful in Japan.

The chairman of the new company, two directors, a foreign trade specialist and a public relations officer will be from China. Mr Charles Chan, managing director of Chan Brothers known with his brother Kenneth as the King Prawn Kings, is the frozen seafood business, will be managing director.

## China to open London joint equity venture

ment is due," he said. Fujian's import trade is small but the provincial authorities are eager to develop it. It has set up a special economic zone near Xiamen (formerly Amoy) where the tax rate is 15 per cent and there are tax holidays of three to five years.

## China to open London joint equity venture

British exporters will be able to use credit provided by the ECGD "deposit facility," the \$1.2bn fund set up in 1978 by a consortium of British banks to finance Sino-British trade.

## China to open London joint equity venture

The City of London headquarters will accommodate showrooms displaying Fujian products and services.

## China to open London joint equity venture

Chan Bros is the biggest Overseas Chinese company in Britain. Last year its turnover reached £10m, while the whole Chan group—which includes other trading and transport companies—came to £20m.

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